



# ***Daily Report***

# **China**

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# Daily Report

## China

FBIS-CHI-94-087

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5 May 1994

**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

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**General**

**Foreign Ministry Spokesman Holds News Conference**

**Confirms Deng Xiaoping in 'Good Health'**

*HK0505114294 Beijing ZHONGGUO XINWEN SHE in Chinese 1109 GMT 5 May 94*

[Text] Beijing, 5 May (ZHONGGUO XINWEN SHE)—Chinese Foreign Ministry spokesman Wu Jianmin said here this afternoon: Deng Xiaoping is in good health.

In response to a Hong Kong reporter's question "Could you please confirm a foreign dispatch which says that Deng Xiaoping is not in good shape and is hospitalized?" Wu also said: I hope you will not believe in such rumors which people have been spreading recently.

**Rejects U.S. Information Office in Tibet**

*HK0505125694 Beijing ZHONGGUO XINWEN SHE in Chinese 1109 GMT 5 May 94*

[Text] Beijing, 5 May (ZHONGGUO XINWEN SHE)—Chinese Foreign Ministry spokesman Wu Jianmin this afternoon categorically ruled out the possibility of setting up an information service in Tibet, as proposed by the U.S. Congress.

In reply to inquiries about this during a news conference, Wu Jianmin said: Tibet is an inalienable part of China's territory. Whatever the U.S. side intends to do there must be approved by China. China certainly will not agree to such doings by the United States. (Note: This refers to the U.S. Congress' decision to set up an information service in Tibet, as mentioned by reporters.)

Wu Jianmin continued by saying: I would like to take this opportunity to point out that Tibet has been an inalienable part of China's territory since the 13th century, and no country in this world recognizes Tibet as an independent state, neither does the United States.

Wu Jianmin said: In the recently adopted U.S. foreign relations authorization law for the 1994/95 fiscal year, the U.S. Congress undisguisedly called Tibet a country. It has gone surprisingly far, indeed, in despising the basic norms governing international relations, flagrantly infringing on China's sovereignty, and attempting to split China.

Wu Jianmin stressed that the Chinese people had engaged in bloody struggle over a long period of time to safeguard their nation's sovereignty and territorial integrity. Without exception, all the plots throughout history which aimed at separating Tibet from China have ended in shameful failure. Anyone who intends to slip back into the old rut certainly will come to no good. China demands that the U.S. Government strictly abide by its stance on Tibet as a part of China; scrupulously observe

the basic principles prescribed by the three joint communiqus signed between China and the United States, as well as codes of international relations; and remedy the faults it has committed.

**Urges U.S. To Tread Carefully on MFN**

*HK0505120794 Beijing ZHONGGUO XINWEN SHE in Chinese 1133 GMT 5 May 94*

[Text] Beijing, 5 May (ZHONGGUO XINWEN SHE)—At a news conference this afternoon, Chinese Foreign Ministry spokesman Wu Jianmin urged the U.S. Government to "act cautiously and make a wise decision on the issue of most-favored-nation [MFN] status."

Wu Jianmin made those remarks when answering a relevant question raised by a reporter.

When asked by a reporter if China is worried about the United States' partial abolition of MFN treatment, involving—for example—sanctions against state-owned enterprises, Wu Jianmin reiterated that the awarding of the MFN status to each other by China and the United States is a reciprocal, mutually beneficial arrangement and a basis for normal trade interaction between the two countries. He pointed out: "Any move made by the U.S. side to sabotage this basis will cause serious consequences."

**'Appreciates' Clinton Remarks**

*OW0505092894 Beijing XINHUA in English 0921 GMT 5 May 94*

[Text] Beijing, May 5 (XINHUA)—China appreciates the remarks made by U.S. President Clinton that his government is willing to make efforts to develop and improve U.S.-China relations, a Chinese Foreign Ministry spokesman said here today.

The spokesman, Wu Jianmin, was commenting on the remarks made by Clinton when he was answering a question from a correspondent of the Cable News Network (CNN) here this afternoon at a weekly press conference.

Wu said that the Chinese side has already made tremendous efforts to improve and develop relations between the two countries, and that it is willing, together with the U.S. side, to make continuous efforts to this end.

China and the United States are two influential world powers, and the development of stable and constructive relations between them conforms with the fundamental interests of the two countries and their peoples, and also serves to promote peace and stability in the Asia-Pacific region and in the world at large, he said.

Wu said that there exists broad common interests between China and the United States, and there are also some differences between them on certain issues.

The spokesman stressed that what is important at present is that the two countries should develop their

common points and handle their differences properly, in strict accordance with the basic principles laid down in the three Sino-U.S. joint communiques and on the basis of mutual respect, non-interference in each other's internal affairs, equality and mutually beneficial cooperation.

### Criticizes Japanese Minister's Remark

OW0405172894 Beijing XINHUA Domestic Service in Chinese 1621 GMT 4 May 94

[Text] Beijing, 4 May (XINHUA)—A Chinese Foreign Ministry spokesman made the following statement in reply to questions raised by JIJI [JIJI PRESS] and AP [ASSOCIATED PRESS] correspondents stationed in Beijing in connection with Japanese Justice Minister Shigeto Nagano's remark on 3 May that the "Nanjing Massacre was fabricated":

The war of aggression launched by Japanese militarists in China in the past inflicted grave calamities to the Chinese people, and the Nanjing massacre was one of the heinous crimes committed by Japanese militarists. The international community has long drawn a conclusion on the aggressive nature of Japan's war against China and the historical facts surrounding the Nanjing massacre.

To correctly deal with historical questions is an important political foundation for developing friendly and cooperative relations between China and Japan. The Chinese Government has all along advocated the needs to adopt a forward-looking attitude regarding unfortunate segments of history and to draw lessons from history in jointly developing friendly and cooperative ties in the future. Such are also the common understandings and stance of many Japanese government leaders. Many of them have even expressed apologies and repentence for Japanese aggression abroad during World War II.

It has been nearly a half century since the war was ended. Today, as Sino-Japanese relations are entering a new stage of development, we are shocked and indignant that a Japanese cabinet member has gone so far as to openly tamper with history and deny facts to defend the aggressive act committed by Japanese militarists. We hoped that the Japanese Government will proceed from the overall interests of safeguarding bilateral relations in seriously handling this question.

### Beijing Said 'Shocked' by Remarks

OW0405173594 Beijing XINHUA in English 1712 GMT 4 May 94

[Text] Beijing, May 4 (XINHUA)—China is shocked by and indignant at a statement by the Japanese Justice Minister Shigeto Nagano yesterday that the massacre in Nanjing during the Second World War is "a fabrication", a Chinese Foreign Ministry spokesman said today.

In response to questions by Beijing-based foreign correspondents regarding the Justice minister's remarks, the

spokesman said that the aggression against China launched by the Japanese militarists in the past caused great sufferings for the Chinese people and the massacre in Nanjing was one of the serious crimes committed by the Japanese militarists.

He continued that the international community long ago reached conclusions on the nature of the war and the historical facts of the massacre in Nanjing.

He pointed out that the rightful treatment of the issues in history is an important political basis of the development of Sino-Japanese friendly relations of cooperation.

The spokesman noted that the Chinese Government has all along adhered to the principle of adopting a forward-looking attitude in treating that sad part of history and drawing lessons from history, so as to jointly develop friendly relations of cooperation facing the future. The principle has been shared by many Japanese Government leaders and persons of insight, the said.

He added that some Japanese statesmen also made apologies and introspection in the cabinet over the Japanese aggression during the Second World War.

"Now that nearly 50 years have passed since the end of the war and Sino-Japanese relations have entered a new stage," he said, "a Japanese cabinet member went so far as to publicly distort the history, deny the historical facts and defend the Japanese militarists' aggression. We are shocked by and indignant at this."

The spokesman hoped that the Japanese Government will earnestly and seriously treat the issue with a view to safeguard bilateral relations.

### Criticizes Japanese Minister

HK0505092694 Hong Kong AFP in English 0918 GMT 5 May 94

[Text] Beijing, May 5 (AFP)—China expressed "shock and indignation" Thursday at a Japanese minister's assertion that the 1937 Nanjing Massacre was a fabrication but stopped short of demanding an official apology from the new administration in Tokyo. Despite the obvious anger generated in China by Justice Minister Shigeto Nagano's remarks, analysts here said Beijing clearly wanted to avoid an emotive row with the government of Tsutomo Hata, who was only elected Japanese prime minister last month.

"A cabinet member of the Japanese Government has openly distorted history and denied the facts to justify the (1937-45) war of aggression and we feel shock and indignation at that," Foreign Ministry spokesman Wu Jianmin said.

Nagano, who was appointed justice minister by Hata last week, said in an interview published Wednesday in a major Japanese daily, that the Nanjing Massacre was a "fabrication" and that it was "wrong to describe the war as a war of aggression." According to a Japanese source,

the number two at the Japanese embassy here, Koichi Matsumoto, was summoned to the Foreign Ministry Thursday morning. "The representation made to Matsumoto was in line with the comments made by the ministry spokesman," the source said, adding that the Chinese side had asked the Japanese government to "deal seriously" with the matter.

Japanese troops occupied the eastern city of Nanjing in 1937 and slaughtered citizens and prisoners of war. According to the Chinese authorities, some 300,000 people died in the massacre.

Hata, currently on a European tour, publicly criticised Nagano's remarks on Wednesday, calling them "inappropriate." "My view on the past history is that our past actions, including aggression and colonial rule, caused unbearable suffering and sorrow for many people," Hata said.

Asked if Hata's remarks had sufficiently mollified the Chinese side, spokesman Wu said only: "We have taken note of Prime Minister Hata's attitude towards the history-distorting statement... and he also thinks it is inappropriate for the minister of justice to make such remarks."

#### Notes Hata's Attitude on Remarks

OW0505122594 Beijing XINHUA Domestic Service in Chinese 1203 GMT 5 May 94

[Text] Beijing, 5 May (XINHUA)—A Chinese Foreign Ministry spokesman said today that Japan should adopt a correct attitude toward its part in history of aggression and continue to seek development through peace.

The spokesman made this remark here today at a weekly press conference when commenting on Japanese Prime Minister Tsutomu Hata's reported speech on the statement by Japanese Minister of Justice Shigeto Nagano that the Nanjing massacre was fabricated.

He said the Chinese side has already made representations with the Japanese side over the history distorting remarks made by Nagano and demanded that the Japanese Government treat this matter with all seriousness.

"We have taken note of Prime Minister Hata's attitude toward the history distorting statement made by Minister of Justice Shigeto Nagano," the spokesman said.

"It is in the interests of the Japanese people and of peace and stability in Asia for Japan to adopt a correct attitude toward its past history of aggression and continue to seek development through peace.

"Herein lies the important political foundation for Sino-Japanese friendly relations and cooperation," he added.

#### Comments on RSA Election

OW0405130594 Beijing XINHUA Domestic Service in Chinese 1156 GMT 4 May 94

[Text] Beijing, 4 May (XINHUA)—A Foreign Ministry spokesman said today that the Chinese Government and people wish to express their warm congratulations over South Africa's first successful general election and the victory the African National Congress [ANC] has won in the election.

Preliminary results of South Africa's first multiracial general election have been announced. The ANC, led by chairman Mandela, has won the election and South Africa will form a government of national solidarity dominated by the ANC.

The spokesman said: The vast number of black people in South Africa have exercised their democratic rights for the first time in history during the general election. The birth of a new South Africa with racial equality is the beginning of a new era in South Africa. This victory is the result of the protracted struggle which the South African people have launched with support from the international community. The ANC and other liberation organizations of black people have played their key roles in bringing about this historic change in South Africa.

The spokesman added: "We also appreciate the positive contributions which the government of the Nationalist Party headed by President de Klerk has made through carrying out reforms to conform to the trend of the times."

The spokesman said: The Chinese Government and people wholeheartedly hope that, under the leadership of the government of national solidarity of South Africa, all parties will work together with greater unity and cooperation in building a stable, democratic, prosperous, and affluent new South Africa enjoying racial equality.

The spokesman pointed out: The Chinese Government and people have always firmly supported the South African people's just struggle against racism, and we are delighted with the South African people's historical victory. After the founding of the new South African Government, China is ready to establish and develop friendly relations and cooperation with South Africa on the basis of the five principles for peaceful coexistence. The spokesman expressed the belief that the traditional friendship forged between the Chinese and South African peoples during the protracted struggle certainly will be consolidated and developed on a new basis.

#### Spokesman Congratulates ANC

OW0405125894 Beijing XINHUA in English 1247 GMT 4 May 94

[Text] Beijing, May 4 (XINHUA)—The Chinese Government and people expressed congratulations to South Africa on the smooth progress of its first all-race election

and to the African National Congress (ANC) for its election victory, a Chinese Foreign Ministry spokesman said here today.

Preliminary election results show that the ANC, led by Nelson Mandela, has built an insurmountable lead, which indicates that South Africa will form a new government of national unity centered around the ANC.

The election has provided South African black people their first chance to exercise democratic rights in the history of South Africa, the spokesman noted.

The birth of a new South Africa where all races are equal marks a new epoch in the country, he said.

The victory is the result of the hard, long-time struggle of the South African people, supported by the international community. The ANC and other black liberation organizations have played a crucial role in propelling South Africa toward this historic change, he said.

"We appreciate the positive contributions made by the National Party led by F.W. de Klerk, in moving with the tides and implementing reforms," he said.

The Chinese Government and people sincerely hope that under the leadership of the government of national unity, all parties there will strengthen unity and cooperation and make joint efforts in the building up of a new South Africa enjoying racial equality, stability, democracy and prosperity, he said.

The Chinese Government and people have firmly supported the just struggle of the South African people against apartheid and are proud of the historic victory of the South African people, he noted.

"China is willing to establish and develop friendly ties of cooperation with the new South African Government on the basis of the Five Principles of Peaceful Co-existence," he stated.

He expressed the belief that the traditional friendship of the Chinese and South African peoples will be consolidated and developed on a new basis.

#### Discusses 'Friendly' Ties With RSA

OW0505081894 Tokyo KYODO in English 0748 GMT 5 May 94

[Text] Beijing, May 5 KYODO—A Chinese Foreign Ministry spokesman said Thursday [5 May] that China is willing to establish friendly relations in all areas with the new government of South Africa.

"China rejoices in the historical victory won by South Africa and President Jiang Zemin has sent a letter of congratulations to (Nelson) Mandela on the victory of the ANC (African National Congress) in the general election," Wu Jianmin told journalists.

China, which has refused to establish diplomatic relations with South Africa due to its system of apartheid,

will be sending a delegation from the China-Africa Friendship Association led by Vice President Xie Bangding to Mandela's May 10 inauguration, he said.

Wu refused to say when and if diplomatic relations between the two countries will be established.

#### Says Delegation To Attend Inauguration

OW0505091694 Beijing XINHUA in English 0904 GMT 5 May 94

[Text] Beijing, May 5 (XINHUA)—A delegation from the Chinese-African People's Friendship Association headed by its vice-president Xie Bangding will attend the South African presidential inauguration, which is to be held in South Africa on May 10.

Chinese Foreign Ministry Spokesman Wu Jianmin made the announcement here this afternoon at a weekly press conference.

#### Comments on PLO-Israeli Agreement

OW0505101194 Beijing XINHUA in English 0959 GMT 5 May 94

[Text] Beijing, May 5 (XINHUA)—The Chinese Government hopes that the parties concerned with the Middle East peace talks would ensure a smooth implementation of the PLO Israeli self-rule Accord.

Foreign Ministry Spokesman Wu Jianmin made this remark at a weekly press conference here this afternoon.

In reply to a reporter's question, Wu said that PLO Chairman 'Arafat and Israeli Prime Minister Rabin signed an agreement on implementing the principles of declaration on self-government in Gaza and Jericho in Cairo on May 4.

Wu described the agreement as a major achievement gained through protracted negotiations between the two sides.

"We would like to extend our warmest congratulations on this and we also appreciate the flexibility and pragmatism that the two sides demonstrated in negotiations," Wu said.

"We hope that the parties concerned will continue to make efforts to ensure a smooth implementation of the agreement and an all-round progress of the Middle-East peace talks at an early date," he added.

Wu noted that China had always stood for a peaceful settlement of disputes through negotiations among the parties concerned in the Middle East.

China will, as always, continue to make its positive contributions to an early, comprehensive and just peace and stability in the Middle-East, the spokesman said.

**Notes Sympathy for Bangladesh**

OW0505131794 Beijing XINHUA in English 1307  
GMT 5 May 94

[Text] Beijing, May 5 (XINHUA)—The Chinese Government was deeply concerned over the people in the coastal areas of south-eastern Bangladesh who have been hit recently by a hurricane, Chinese Foreign Ministry Spokesman Wu Jianmin said here this afternoon.

He told a weekly press conference that the Chinese leader had already sent a message of sympathy to the Bangladesh leader, expressing China's sympathy and solicitude to the bereaved families and the afflicted people there.

"We believe that the Bangladesh Government and people will be able to overcome difficulties, provide relief to the disaster areas and rebuild their homeland soon," Wu added.

**Liu Huaqing Stresses Antihegemonic Policy**

HK0405154794 Hong Kong CHING PAO in Chinese  
No 5, 5 May 94 p 62

[Article by Chen Shao-pin (7115 0783 6333): "Liu Huaqing Says China Will Oppose Hegemonism and Will Not Seek Hegemony"]

[Text] According to information from Beijing, at Beijing's Jingxi Hotel on 8 April, a number of leaders of the CPC Central Military Committee received outstanding officers and men from the three military services, as well as experts who had made inventions and creations on the national defense science, technology, and industry front. Liu Huaqing, vice chairman of the Central Military Commission and standing committee member of the CPC Political Bureau, made a speech on behalf of the CPC central leading body and the Central Military Commission.

Liu's speech emphasized two main points: First, accelerating the development of modern weaponry by relying mainly on China's own strength, and second, opposing hegemonism and power politics and promoting the establishment of the new international political and economic order.

Liu Huaqing said: Along with the increase in our economic strength, we must accelerate the modernization of the armed forces. Relying mainly on our own efforts, we should develop a number of deterrent weapons for the ground, naval, and air forces, including some modern weapons that even the Western countries do not possess. Our purpose is to defend ourselves more effectively, to resist the military threats from hegemonism, and to guarantee our socialist construction and our people's peaceful lives and work. Liu added: The experience of the Chinese people shows that a nation's independence is most valuable, but China will not be able to stand firm without the backing of modern military strength and may be bullied and pressured by hegemonism. China will

always stand on the side of the Third World, and will never seek hegemony or world leadership [bu dang tou 0008 3981 7333]. However, we will play our role as we should in international affairs, and will actively promote the establishment of a new international political and economic order. We fear no one; neither will we offend anyone. First, we do not fear the interference of U.S. hegemonism and power politics in our internal affairs, and do not fear its intimidation [e zha 6073 6094] and sanctions. China will never yield to the hegemonic practice of the United States. Since its founding, the PRC—growing from weakness to strength—has never been daunted by any military threats, sanctions, isolation, or subversive plots, and has never bartered away its state sovereignty and national dignity in the face of hegemonism and power politics.

Liu Huaqing said: The whole Army is well aware that state sovereignty and national security are always of primary importance for us. U.S. hegemonism now takes China as its main enemy, and tries to interfere in China's internal affairs. Who has given them such power? Have the Chinese people and the Chinese People's Liberation Army ever yielded to hegemonism at any time? Hegemonism acts simply on the basis of its comparatively greater national and military strength. Today, however, in the 1990's, China has learned how to deal with the intimidation, bullying pressure, subversive attempts, and challenges from hegemonism and power politics.

Liu Huaqing further stated: The leaders of our party and state—Jiang Zemin, Li Peng, Qiao Shi, and Vice Premier Qian Qichen—have given explicit and firm messages to the United States: China will never tolerate foreign interference in its internal affairs and will never barter away its principles. China will not seek confrontation, but will not fear confrontation and will not evade any imposed confrontation. If the United States severs relations with China, China still will be able to develop further.

It also was said that Jiang Zemin, chairman of the CPC Central Military Commission, had issued orders to commend 58 military and national defense scientific research and production units, as well as more than 250 individuals in the military and national defense scientific research units, who had made contributions to the successful development of some modern military equipment, 38 of which reached the contemporary advanced level in the world. Ten types of weapons were the most advanced in the world.

**Official Notes 'Regret' on Linking Policy, Finances**

OW0405164194 Beijing XINHUA in English 1552  
GMT 4 May 94

[Text] Nice, France, May 4 (XINHUA)—China has expressed reservation about linking policy issues to a capital increase of the Asian Development Bank (ADB), the Chinese delegation to the ADB's 27th annual meeting said here today.

The vice-governor of the People's Bank of China, Zhou Zhengqing, heading his country's delegation to the ADB's annual board of governors meeting in Nice, outlined China's views on the bank's program and policies in the 1990s.

Zhou said that his government has always actively supported the ADB's capital increase and made unremitting efforts for its fourth general capital increase.

But China "has to express great regret over plans to link policy consideration to capital increase" which were raised during the ADB's recent talks, he added.

Zhou believed that as economic backwardness is the fundamental cause of poverty, environmental problems and sexual discrimination in the developing countries, the ADB should make economic development a top priority and gradually furnish these countries with the resources and capabilities to resolve these issues.

"Rigidly linking projects to solutions of some social problems is detrimental to supporting the economic growth of the ADB's member countries and eventually harmful to social progress," said Zhou.

Pointing out that China appreciates the ADB's efforts to improve the quality of loan projects, he noted that the key lies in increased cooperation between the ADB and those countries offered loans.

He declared that China would, as always, strengthen cooperation with the ADB and learn from other states who had loans from the bank.

"China also appreciates the ADB's efforts to push the economic development and social progress of its member countries," said Zhou.

However, he called for the ADB to heed the specific situations of its members in promoting its policies and strategies on poverty alleviation, environmental protection, raising women's status, populations and protecting forests.

He said that the ADB's policies and strategies in the above fields should be sufficiently adaptable and flexible and be easy to accept and implement.

Zhou also called on the ADB to make greater contributions to the economic boom and social development of the Asian-Pacific region.

In the last few years, he explained, loans and technical assistance from the ADB had supported China's reform, its opening up to the outside world and economic development, thus helping to ease the restrictions on China's economy from bottlenecks like energy, transportation and communication.

He said that with the global economy growing at a slow pace in the past year, the economic growth in the

Asian-Pacific region had maintained a high speed increase of seven percent, accelerating global economic recovery and development.

"This is mainly a result of the reform, structural readjustment and open economic policies promoted by the Asian-Pacific countries and regions based on their own situations," he added.

The ADB's three-day meeting, which began yesterday, is scheduled to focus discussion on how to improve ADB-funded projects and properly handle the relationship between economic growth and social issues.

Founded in 1966 the ADB is a governmental international financial organization aimed at promoting Asian-Pacific economic development and cooperation.

So far, it has provided loans totaling 47.7 billion dollars for 1,179 projects.

#### Suriname President To Visit 16-20 May

OW0505090494 Beijing XINHUA in English 0843  
GMT 5 May 94

[Text] Beijing, May 5 (XINHUA)—President Runaldo Ronald Venetiaan of Suriname is to pay a state visit to China from May 16 to 20 at the invitation of Chinese President Jiang Zemin.

This was announced by Chinese Foreign Ministry Spokesman Wu Jianmin at a weekly press conference here this afternoon.

#### Gulf Council Delegation To Visit 10-14 May

OW0505090994 Beijing XINHUA in English 0851  
GMT 5 May 94

[Text] Beijing, May 5 (XINHUA)—A delegation of the Cooperation Council for the Arab States of the Gulf is expected to pay a friendly visit to China from May 10 to 14 at the invitation of the Chinese Foreign Ministry.

Chinese Foreign Ministry Spokesman Wu Jianmin told a weekly press conference here this afternoon that the delegation will be led by the council's Secretary-General Shaykh Fahim Bin Sultan al-Qasimi.

#### United States & Canada

##### Ministry Official Protests U.S. Foreign Relations Act

OW0505112094 Beijing XINHUA in English 1056  
GMT 5 May 94

[Text] Beijing, May 5 (XINHUA)—Tian Zengpei, Chinese vice-minister of foreign affairs, summoned U.S. Ambassador Stapleton Roy here today, and lodged a strong protest with the United States against its Foreign Relations Authorization Act.

Tian said that on April 28, the United States Congress passed the Foreign Relations Authorization Act, fiscal years 1994 and 1995, which was signed by the U.S. President on April 30.

When this bill was being discussed, the Chinese side expressed serious concern over the anti-China provisions and made several solemn representations with the U.S. side, Tian said, adding that "We pointed out to the U.S. side that these provisions, which had severely infringed on China's sovereignty and constituted a gross interference in China's internal affairs, would cause serious damage to Sino-U.S. relations."

The U.S. side, however, in disregard of the Chinese side's strong opposition and representations, went ahead with the passage and signature of this bill that contains many provisions detrimental to China's fundamental interests. This can not but arouse great indignation of the Chinese people, the vice-minister said.

"I am hereby instructed to lodge a strong protest with the United States Government on this issue", Tian said.

It is known to all that there is only one China and that Taiwan is an inalienable part of China, he said, and the government of the People's Republic of China, as the sole legal government representing the whole of China, is recognized by the United Nations and the international community.

With regard to the Taiwan question, Tian said, the U.S. Government has made unambiguous commitment in the three Sino-U.S. Joint communiques, and is therefore bound by its international obligations. But the authorization act states that "Section 3 of Taiwan Reitions Act takes primacy over statements of government policies, including communiques, regulations, directives and policies based thereon", thus openly trampling on the communique of August 17, 1982 between the Chinese and American Governments and seriously undermining the basis of Sino-U.S. relations.

The vice-minister said that the act also advocates visits by American cabinet-level officials to Taiwan and calls on the American President to take steps to express clearly U.S. support to Taiwan in bilateral relations and multilateral organizations of which the United States is a member.

"This is a deliberate attempt to create 'two Chinas', 'one China and one Taiwan' in the international arena that completely contravenes the U.S. Government's commitment to pursue a 'one China' policy," Tian said, and this attempt by the U.S. side to sabotage China's peaceful reunification and create tension in the Taiwan Straits will certainly meet with the resolute position of the Chinese people including our Taiwan compatriots, and is doomed to failure.

The vice foreign minister also said that Tibet has always been an inseparable part of China ever since the 13th century, and no country in the world, including the

United States, recognizes Tibet as an independent country. But the act openly refers to Tibet as a "country", alleging that Tibet is an "occupied sovereign country" and "its true representatives are the Dalai Lama and the Tibetan Government in exile", and even asks the United States Information Agency to establish an "office" in Lhasa for the development of educational and cultural exchanges with the "people of Tibet".

He said that it is indeed shocking to see such a contempt for the basic norms governing the international relations, such open infringement of China's sovereignty and attempt to split China.

The Chinese people waged protracted and arduous struggles to safeguard their state sovereignty and territorial integrity, Tian said, and all attempts to split Tibet from the Chinese territory have ended in total failure with no exception.

"Anyone who still wants to follow this beaten track today will certainly come to grief", Tian said, and "We appeal to the U.S. Government to strictly adhere to its openly-stated position that Tibet is part of China and undertake not to get involved in any activities aimed at splitting China.

On the "Radio Free Asia", Tian said, China and many other Asian countries have pointed out clearly on a number of occasions that the true intention of the United States in setting up this radio is to use mass media to interfere in the internal affairs of China and other Asian countries. This act, however, approves the setting up of such a radio.

Tian said that this action once again shows no regard for the universally acknowledged norms governing international relations and violates the principles enshrined in the three-joint communiques between China and the United States. It is bound to meet the resolute opposition from the Chinese people and the peoples of other Asian countries.

Tian pointed out that Sino-U.S. relations are at a crucial moment right now, and "We hope that they will move in a positive direction."

However, he said, it depends on the joint efforts of both sides to improve and develop the bilateral relations.

The above-mentioned contents of the foreign relations authorization act seriously undermines the basis of Sino-U.S. relations, runs counter to the fundamental interests of both countries and peoples, and are inconsistent with the statement by the U.S. Government that it wants to develop a positive and constructive relationship with China.

The vice-minister said that China hereby states in all seriousness that all the anti-China sections in this act are absolutely objectionable and unacceptable to the Chinese Government and people. And "We demand that the U.S. Government honor its words and adopt effective measures to reverse its wrong position and erroneous

decision so as to strictly adhere to the principles enshrined in the three joint communiques between the two countries and the basic norms governing international relations."

Otherwise, he warned, the U.S. side shall be held responsible for all the consequences arising therefrom.

### Clinton Links MFN Status to Human Rights Progress

OW0405160394 Beijing XINHUA Domestic Service in Chinese 1522 GMT 4 May 94

[Text] Washington, 3 May (XINHUA)—U.S. President Clinton said on the evening of 3 May that he hoped the United States and China would be able to reach agreement on the human rights issue so that he could make a decision in early June on extending most-favored-nation (MFN) status to China.

Clinton made the above statement at a news conference in Atlanta, Georgia, which was televised by CNN worldwide.

Clinton said: Judging from current actual conditions, China has made significant comprehensive progress in many areas. However, in order to work out the differences existing between the United States and China before the 3 June deadline, "we still have a way to go."

He added: I believe that if we were to withdraw China's MFN status, U.S.-Chinese relations would be undermined. He said he did not wish to see this happen.

### Students Appeal to Clinton on MFN

OW0405235894 Beijing XINHUA in English 2342  
GMT 4 May 94

[Text] Washington, May 4 (XINHUA)—A group of Chinese students and scholars in the United States and worldwide wrote recently to U.S. President Bill Clinton, appealing to him to extend the Most Favored Nation (MFN) trading status to China.

722 Chinese students and scholars put their signatures to the letter released here today.

They said in the letter that "cancelling China's MFN status would hurt American business interests and opportunities in Chinese markets as well as American general interests in Asia."

They expressed their strong support for the unconditional renewal of MFN status to China and pointed out that the MFN should not be linked to human rights.

They said they have been very pleased to realize that the U.S. and China have been improving their cooperation and mutual understanding on many issues.

"We have been very proud to witness that China has been working with the U.S. on many of these issues and

providing significant contributions to human civilization on this earth," they also said.

They noted that "we continue to believe a view, shared by many outstanding Americans, that a good relationship between the U.S. and China will continue to serve the best national interests of these two great countries."

### U.S.-China Business Council Supports MFN Status

OW0505045494 Beijing XINHUA in English 0423  
GMT 5 May 94

[Text] Washington, May 4 (XINHUA)—The United States-China Business Council strongly supports extending the Most Favored Nation trading status to China without conditions, its president Robert Kapp said here today.

Kapp said at a hearing of the Senate Foreign Relations Committee's subcommittee on Asian and Pacific affairs that the U.S. business arguments for maintaining normal and expanded economic relations with China are clear.

He said that the standard arguments in favor of MFN renewal are familiar:

- Exports to China support hundreds of thousands of U.S. jobs and are rapidly expanding;
- U.S. firms have large and growing investments in China that are at risk if trade relations collapse;
- Unilateral U.S. sanctions unsupported by other major trading nations will not succeed but will turn over economic opportunities to our international competitors.

"The U.S.-China Business Council strongly supports the continuation of normal trade treatment for the People's Republic of China, through the renewal of China's MFN status without conditions," Kapp noted.

"We will commit a policy blunder of enormous magnitude if we rupture the economic and commercial links that our two countries have worked to build over the past fifteen years," he said.

"We must pursue full engagement for the long term with China," Kapp stressed.

### U.S. Businesses View Policy Toward Beijing

OW0405212094 Beijing XINHUA in English 2031  
GMT 4 May 94

[ "News Analysis" by Wang Nan: "Why Business Disagrees With Clinton on China Trade?" ]

[Text] Washington, May 4 (XINHUA)—In a month, a divided Washington is to decide whether to extend China's most favored nation (MFN) trade status. Now, U.S. businesses see ironies and want to be heard.

These companies, ranging from telephone system to airplanes and from paper to bulldozers, argue that MFN conveys no special trade privileges and revoking it will impact America's competitiveness abroad.

The White House must decide by June 3 whether to extend MFN to China, a decision that Congress, if it desires, has a chance to overturn. Without MFN, goods from China will be subject to the prohibitive tariffs of the 1930s.

"We believe the first to be hurt by a reduction in U.S.-China trade would be American companies and workers," said William Lane, government affairs manager in the Washington office of Caterpillar Inc.

Caterpillar, which sells heavy earth moving equipment to China, recently announced a joint venture with Shanghai Diesel Engine Co. More than 1,000 of its workers are involved in China-related businesses.

As China is engaged in more infrastructure projects, Lane said, "these projects are the natural markets for Caterpillar's products. China would well be our most important market in the next five to 10 years."

The Peoria, Illinois-based manufacturer is just one of the many U.S. businesses which have been opposing the stand of the administration and congress to link China's trade with its other behavior like human rights.

In fact, China, with the fastest growing economy, is helping to keep U.S. production lines running. The Commerce Department, in a standard analysis, estimates that 160,000 to 180,000 U.S. jobs depend on U.S. trade with China.

The National Association of Manufacturers (NAM) finds the real figure may be larger. In a report released today, NAM said that some 1.3 million Americans work for firms for which the China market is important.

"It is fair to say that each of these jobs would be less secure if trade with China were further threatened or eliminated," said NAM, which has just completed a survey of China business among its 12,000 member companies.

Another observation of U.S. companies, explained John Hayden, vice president of the Boeing company's Washington office, is that access to the Chinese market is essential to America's efforts to retain industrial leadership.

Up to three billion dollars in China's plane orders for Boeing would be at risk if MFN is denied, Hayden said. "In the near term effect, this would give non-U.S. competitors a long term foothold in an important market."

In a recent survey of 82 member firms by NAM, the effects of commerce with China on the U.S. and on American firms are expressed in varying tones and cover a number of aspects of U.S. businesses.

It contains enthusiastic comments from the Procter and Gamble, producer of bar soaps, shampoos and skin care and which entered the Chinese market in 1988. The Cincinnati, Ohio-based company says, "there will never be a start up as big as China."

The Gillette Company, a razor blades producer, gets to the heart of the matter best. "Gillette is a global company, and its operations in China make it a stronger company," the company says in a statement.

Motorola, a leading provider of wireless communications, semiconductors and advanced electronic systems, underscores the nature of a global company by identifying technology it has developed in China and now uses elsewhere.

"A stronger competitor with access to the China market will have a major advantage over firms without comparable access," the Schaumburg, Illinois-based company says.

U.S. companies, meanwhile, stress that MFN is really a misnomer since it allows a country's product to enter the U.S. at the same tariff rates as most other countries.

With almost all of the more than 130 countries in the world enjoying MFN treatment in trading with the U.S., "MFN, in a fundamental sense, is the minimum requirement of meaningful economic exchanges between two countries," said Jerry Jasinski, NAM's president.

Speaking at a press conference here today, he stressed that unilateral imposition of restraints on trade to convey concerns about other policy has historically been ineffective in achieving changes.

#### Officials Outline Plans To Retaliate for MFN Loss

HK0505031594 Hong Kong EASTERN EXPRESS in English 5 May 94 p 8

[By Bruce Gilley in Guangzhou]

[Text] China is planning a wide range of retaliatory measures against the United States should Washington fail to renew Most Favoured Nation (MFN) trading status next month, senior Chinese officials said yesterday. Selective trade sanctions against state sector enterprises—a compromise solution that has been mooted in Washington—would be "impossible" to implement, they said.

The retaliatory measures would apply mainly to trade, but would also include foreign investment and imports as well as other non-economic areas such as culture, said Jiao Sunfen, director-general of the foreign investment department of the Ministry of Foreign Trade and Economic Co-operation. "The actual measures are still a secret, but you can be sure our retaliation will be no lighter than the US measures against China," she said.

In the area of foreign investment, restrictions would be placed on the mainland investments of US enterprises which approved of the cancellation of MFN, she said. "When approving projects, we will approve other (countries) first and then take differing treatment for different US companies," she said. "If the US company opposes (the cancellation of MFN) we will give them some encouragement," she said. "Others will face some restrictions." Asked whether every US company investing in China would have to state publicly its attitude on the issue, Jiao said her department would "investigate and learn about" each company instead.

The proposed countermeasure strategy is consistent with the Chinese Communist Party's "united front" approach to foreign affairs, in which friendly forces in foreign countries are invited to stand with Beijing in return for certain rewards. Jiao said every department of the Chinese government would be asked for suggestions on retaliatory measures.

Jiao had just returned from the US as a member of the delegation to New York and Los Angeles led by the Foreign Trade Minister, Wu Yi, to drum up support for MFN extension. She said most of the 750 companies that attended seminars in the two cities opposed the linking of trade and human rights. "This feeling is clearer this year than last. Even the US Treasury Secretary, Lloyd Bentsen, said the two should not be linked," she said.

China's foreign investment—about 7 per cent of which is from the US—would feel "some effects" if MFN were denied, but the losses would mainly be felt by US companies already in China which exported mainly to the US. Jiao said steps to improve human rights in China were "necessary", but that this was a matter for senior leaders to decide. "But these steps are not to say the human rights situation in China was bad before, or that because of the unreasonable US pressure we are taking measures to improve human rights."

Also speaking in Guangzhou yesterday was the president of Citic Trading, Xu Shiwei. Xu said China's purchases of large high-technology items from the US including Boeing aircraft would be curtailed if MFN were not renewed. "We certainly would take this step. It would mean the US would lose the market" said Xu, who was formerly commercial counsellor to the European Community.

Xu said the proposed targeting of state-owned companies would be "impossible" to implement from a political and a practical point of view. "Not giving MFN to state enterprises is tantamount to saying no to China, because state enterprises are the mainstay of our economy," he said.

#### **Jiangsu Governor Leads Delegation to U.S.**

*OW0305144194 Nanjing XINHUA RIBAO in Chinese  
25 Apr 94 p 1*

[Text] At the invitation of New York State Governor Cuomo and Georgia State Governor Miller, a Jiangsu

economic and friendship delegation led by Governor Chen Huanyou left yesterday for an inspection visit to the United States.

During the visit, the delegation will meet with local government officials, people in industrial and commercial circles, and Overseas Chinese residing in the United States. The delegation's visit is to enhance mutual understanding and friendship as well as further develop economic and trade, scientific and technological, and cultural cooperation and exchanges. In addition, the delegation will attend the Jiangsu economic and trade consultations in New York as well as hold discussions with relevant U.S. states on cooperation.

The delegation consists of people in charge of the Jiangsu government, Planning and Economic Commission, Foreign Economic Relations and Trade Commission, Science and Technology Commission, and Foreign Affairs Office. Sun Jiazheng, deputy secretary of the provincial party committee; Wang Rongbing, vice governor; Liang Baohua, secretary general of the provincial party committee; and Liu Jian, secretary general of the provincial government, bid farewell to the delegation at the train station.

#### **U.S. Military Said To Launch Spy Satellite**

*OW0305205894 Beijing XINHUA in English 2018  
GMT 3 May 94*

[U.S. Military Launches Spy Satellite"—XINHUA headline]

[Text] Washington, May 3 (XINHUA)—The U.S. Air Force today sent a spy satellite into a temporary orbit aboard a Titan 4 rocket—the most powerful unmanned vehicle of the country.

The liftoff from the Cape Canaveral followed a number of delays because of technical problems and weather conditions.

The U.S. military refused to disclose details about the satellite, but an earlier NEW YORK TIMES report said the craft worth 1.5 billion dollars was the most expensive of the kind.

Weighed five tons and equipped with a 152-meter-wide dish antenna, its mission was to intercept the telecommunications of Russian military, intelligence and political officials.

The spy satellite was built and would be operated by the National Reconnaissance Office, the United States' largest and most secretive intelligence service, the TIMES report said.

Data collected would be analyzed by the National Security Agency using a global network of ground stations and an array of supercomputers.

**U.S. Arms Sales '100 Times Greater Than China'**  
*OW0305212894 Beijing XINHUA in English 2105  
GMT 3 May 94*

[*"News Analysis" by Wang Nan: "Arms Exports: Gain or Drain on U.S. Economy?"—XINHUA headline*]

[Text] Washington, May 3 (XINHUA)—To U.S. arms dealers, economics is increasingly a driving force for the country's booming weapons trade, disrupting the world peace for which Washington says it cherishes a deep love.

To the workers at St. Louis, Fort Worth and Boston, where major export items like F-15, F-18 aircraft, F-16 fighters and Patriot missiles are made, closing plants is the least they want from President Clinton.

Controlling 57 percent of the global weapons market, the U.S. sold 35 billion U.S. dollars of weapons last year to the world's volatile regions, 10 times greater than Russia and more than 100 times greater than China.

"The real scandal at the heart of American foreign policy is that the U.S., the world's leading democracy, has become the world's number one arms dealer," said William Hartung, author of "And Weapons for All".

U.S. officials point to the commercial interests in such deals: weapon sales volume in 1993 is about one third of the U.S. merchandise trade deficit during the period, some 150,000 jobs will be lost if arms sales are reduced.

A recent study by the New York-based World Policy Institute, however, finds that the preoccupation with the economics of arms trade is one-sided. Arms exports provide "marginal, short-term" gains for the economy.

Over the past 10 years, total U.S. arms exports averaged 19 billion dollars a year. During the same time, government loans, grants, cash payments and other subsidies averaged over six billion dollars a year.

This figure includes the costs of security assistance programs that support arms exports, U.S. Government involvement in air and trade shows, the 20,000 U.S. Government personnel involved in arms exports and the costs of writing off bad foreign military sales loans.

"This seriously undercuts the net gains to the U.S. economy from foreign military sales," the study says. In fiscal 1994, arms export-related subsidies accounted for 43 percent of the entire U.S. foreign aid budget.

Once the impacts of arms sales in stimulating arms race and undermining the economic growth in developing countries are taken into account, arms sales may even be a net drain on the U.S. economy, observers say.

The International Monetary Fund, in a study released last month, says that if the world arms expenditure is cut by one fifth, the world's consumer market will be 190 billion dollars larger, which is about four times the revenue of global arms market.

On defense-related employment, a Congressional Budget Office study in 1992 estimates that a substantial cut in U.S. arms sales to the Middle East will affect less than two percent of all defense workers and less than one in every thousand workers across the country.

This is hardly a figure to cause serious damage to the overall economic growth of the U.S., especially when only five states—Texas, California, Florida, Michigan and Massachusetts—suffer the bulk of defense conversion, observers say.

However, despite of the promise to curtail world arms trade, the Clinton administration and congress have repeatedly passed up the moral, political and even economic concerns that such trade may raise, observers say.

The Commerce Department has taken a hands-on role in promoting arms exports even as the State Department has opposed an industry proposal to create a new one billion dollars guarantee fund for weapons exports.

Although a few deals have been scaled back or withdrawn under the threat of congressional action, the vast majority of 50 to 100 major arms deals made by the U.S. each year sail through congress with little or no scrutiny.

"If last year is any indication, America's arms sales addiction is alive and well," said William Hartung. "A change in policy is possible, but it's not going to happen unless the public and congress demand it, loudly and clearly."

**China Becomes Largest Overseas Buyer of Boeings**

*OW0405043994 Beijing XINHUA in English 0302  
GMT 4 May 94*

[Text] Beijing, May 4 (XINHUA)—In the first four months of this year China took delivery of 11 new passenger planes, all of which are in the Boeing series.

These new U.S.-made planes include eight Boeing-737, one Boeing-747, one Boeing-757 and one Boeing-767.

An official from the China Aviation Suppliers Corporation said that in the past few years, while the world's civil aviation industry has experienced a sluggish market, the Chinese aviation industry has maintained a sustained high-speed increase of over 30 percent.

With the expansion of the country's air fleet, Boeing planes have become the first choice for the Chinese market. In 1993 alone 47 Boeings were delivered to the Chinese mainland, constituting 14 percent of the Boeing company's output for the year. At present China is the biggest overseas buyer of Boeings.

The official said that the 12 major Chinese airlines use 164 Boeing planes, ranging from Boeing 737-500s, with more than 100 seats to Boeing 747-400s, with 420 seats.

Sources said that by the end of this year the number of Boeing planes used by Chinese airlines will exceed 200.

In 1995 China Southern Airlines will be the first to receive a Boeing-777, the latest product of the Boeing company. Last year China Southern Airlines ordered six Boeing-777 passenger planes.

**State Council's Song Jian Receives U.S. Businessman**

*OW0405134894 Beijing XINHUA in English 1327  
GMT 4 May 94*

[Text] Beijing, May 4 (XINHUA)—Chinese State Councillor Song Jian met here today with chairman of the Pittsburgh Plate Glass Corporation (PPG) of the United States Jerry E. Dempsey.

Song said that China is carrying out its modernization construction, which demands a large amount of construction materials.

He welcomed overseas enterprises to invest in China's construction materials industry, hoping that PPG can cooperate with China in the production of glass and glass fiber.

PPG, a world-renowned plate glass production corporation, had a 1993 sales volume of 5.8 billion U.S. dollars.

During the past few years, PPG has invested a total of nearly 200 million U.S. dollars in China.

**U.S. Companies Sign Contracts for Joint Ventures**

*OW0305160994 Beijing XINHUA in English 1448  
GMT 3 May 94*

[Text] Washington, May 3 (XINHUA)—Four Chinese and U.S. companies signed two documents here this morning.

The Cotton Company of the China National Textiles Import and Export Corporation and the Louis Dreyfus Group of the United States signed a contract on China's purchase of cotton from the United States.

Wei Shuben, general manager of the Chinese Cotton Company, and John Hogan, deputy chief executive president of the U.S. group, signed the contract on behalf of their respective companies.

The China National Offshore Oil Corporation (CNOOC) and the Sithe Energies, Inc. of the United States signed an agreement on the joint establishment of power plants in Guangdong and Hainan provinces.

Wang Yan, CNOOC president, and William Kriegen, chairman and chief executive officer, signed the agreement on behalf of their respective companies.

**U.S. Express Mail Carrier Opens Offices**

*OW0305161194 Beijing XINHUA in English 1552  
GMT 3 May 94*

[Text] New York, May 3 (XINHUA)—U.S. express carrier United Parcel Service (UPS) today announced

the opening of its own business development offices in three gateway cities of China: Beijing, Shanghai and Guangzhou.

The move, as the first of a series of planned expansions in China, is an integral part of UPS's strategy to boost its presence in China and the Asia-Pacific region. It follows the opening of UPS service to Vietnam on April 1 and the addition of a direct UPS flight between the U.S. and China's Taiwan Island in March.

UPS, based in Atlanta, Georgia, first entered the China market in 1988 through a service partner agreement with Sinotrans, a China-based carrier also known as China National Foreign Trade Transportation Corporation. Since then, UPS has made significant inroads and is currently one of the leading international express carriers in the market, serving 57 cities in China.

"With the rapid rise in economic activities in China, we see tremendous growth in demand for integrated express service, especially in the major export cities and manufacturing centers within the mainland," said Ed Schroeder, UPS senior vice president in charge of international operations.

Schroeder said UPS has been closely monitoring the business and economic developments in China and sees great potential in the Chinese express distribution industry.

"With our new offices strategically located in the key export cities of China, we can stay close to our customers and gauge local customer requirements and the market situation. This can also allow us to better tailor our services to meet the transportation needs in China," he said.

UPS is a worldwide company serving more than 185 countries and territories. With revenues of 17.8 billion U.S. dollars and a volume of 2.9 billion packages and documents in 1993, UPS is the largest distribution company in the world.

**Military Said Behind 'Hard-Line' Policy on U.S.**

*HK0305133494 Hong Kong CHENG MING in Chinese  
No 199, 1 May 94 pp 10-12*

[Article by staff reporter Lo Ping (5012 0393) and Li Tzu-ching (7812 5261 0079): "The Chinese Military Meddles in Policy Toward United States"]

[Text] In the 1990's, the world has entered the post-Cold War period.

However, some people in the world constantly keep the Cold War in mind, because they enjoyed certain advantages during the Cold War.

They are none other than the CPC authorities.

Whenever a popularity crisis appeared, the CPC authorities certainly made full use of the Cold War. They found

their number one enemy outside the country, and then solicited the people's support by resorting to nationalism in order to solve domestic crises.

At present, "mountains" of contradictions and difficulties are accumulating in mainland China, as Hu Yaobang noted many years ago. A major crisis has again appeared in terms of the people's trust and support for the government.

In June last year, CHENG MING published an article which said that a hundred generals had submitted a petition to Deng Xiaoping. It exclusively revealed that the CPC military required the party leadership to revise its policy toward the United States. After one year of preparation, the new policy option was eventually adopted. This is related to the crisis of trust and support for the regime among the people.

On 1 April this year, the CPC Central Committee Secretariat held an extremely important meeting at the Great Hall of the People in Beijing, which was attended by the secretaries and propaganda chiefs of the party committees of all ministries, state commissions, provinces, municipalities, and autonomous regions. The meeting was chaired by Hu Jintao. Ding Guangen announced the work arrangements. Zhang Wannian, chief of the general staff of the People's Liberation Army [PLA], also delivered a speech at the meeting.

Hu Jintao first gave an assessment of the current domestic and international situation on behalf of the Political Bureau. Part of the speech was entitled "Changes in Sino-U.S. Relations." Hu Jintao said:

The whole party and the whole Army should make full preparations and should be more profoundly aware that Sino-U.S. relations will not be in a normal state in the near future, in the next few years, and even for a longer period to come, and further worsening and confrontations may occur. According to the global hegemonist strategy of the United States, its main rival at present is the PRC. Interfering in China, subverting the Chinese Government, and strangling China's development are strategic principles pursued by the United States. While facing hegemonism, power politics, and the aggressive anti-China strategy pursued by the United States, we have no room for any choices. We must sternly and explicitly tell the United States, and declare to the world also, that the normalization and development of relations between China and the United States can only be made on the basis of the two joint communiques signed by the two governments. The Chinese Government and the Chinese people have not, do not, and will not tolerate any indiscreet criticism or the wanton interference of hegemonism and power politics in China's sovereignty and internal affairs. In the world today, even if there is an impasse in Sino-U.S. relations, China will still be able to develop further and enhance its national strength at a rather high speed.

Ding Guangen gave a speech on this subject, and arranged propaganda work around Sino-U.S. relations. His speech included eight main points:

1. The anti-China strategy of the United States is aimed at strangling China's socialism and reducing China to a vassal state of the United States.
2. The United States is carrying out a series of activities to interfere in, harass, and attack China in the political, economic, and ideological fields and also in various international organizations.
3. The United States is interfering in China's internal affairs under the pretext of human rights, and it makes judgments in terms of ideology. This is a subversive strategy.
4. The United States supports and uses hostile forces and elements in China to carry out subversive and seditious activities, create political incidents, and thus disrupt and undermine our country's construction, reform, and social stability.
5. The United States itself does not participate in international human rights conventions of great importance and does not implement relevant UN resolutions.
6. In the last 20 to 30 years, U.S. aggression against other countries has caused destruction and millions of casualties to the victim nations.
7. Racial discrimination, murder, violence, and drug trafficking inside the United States have become serious disasters for its own people, and all of these expose problems with its system.
8. International opposition to hegemonism and power politics has grown into a force. Safeguarding national independence and self-determination and opposing foreign interference and subversion has become an irresistible trend of social development.

Chief of the General Staff Zhang Wannian made a speech entitled, "Reinforcing the Army, Accelerating the Army's Modernization, Firmly Opposing Interference and Subversion From Hegemonism, and Defending the Motherland" on behalf of the Armed Forces.

Zhang Wannian said: When facing blatant interference by the U.S. hegemonists in our internal affairs and their open support for the debilitating activities of hostile elements inside our country and hostile forces outside the mainland and overseas opposing and subverting our socialist system, we must reinforce the Armed Forces more intensively by grasping the current opportunity and accelerating the modernization and reform of the three services according to Deng Xiaoping's line on army-building and Chairman Jiang's instructions on the work of the Central Military Commission. We should strengthen and develop relations with all friendly countries in the world and oppose international hegemonism and power politics. Any hegemonist attempt to interfere and meddle in our state sovereignty and the nation's internal affairs is intolerable, and our national dignity can never be harmed by hegemonism and colonialism. We shall not challenge other nations, but we must keep our strength in order to defeat the challenge from hegemonism and colonialism.

According to information from the General Office of the CPC's Central Military Commission [CMC], the General Staff Headquarters and the Policy Research Office of the CMC have worked out a plan to form a global anti-hegemonist, anti-interference, antisubversion, and anti-aggression united front to unite all countries and organizations willing to oppose hegemonism and power politics for a certain period of time, and the target is the United States. Reportedly, 23 to 25 countries have expressed support for the proposal, and nearly 40 countries have consented to a similar form of organization. The opinion of the Standing Committee of the CPC Central Political Bureau is that China should not be the leader of such an organization, but should continue to promote the development of this trend, because this will be conducive to its work. China will support the idea in principle, but will wait for an opportune moment and mature conditions.

In fact, the CPC authorities have long been preparing for an adjustment in relations with the United States. As of last March, leaders of the economic, financial, and foreign trade departments of various provinces, and of some large export-oriented enterprises, were organized to study documents issued by the General Office of the CPC Central Committee, and the documents included: "Sino-U.S. Relations Remain Tense," "Developments and Problems in Sino-U.S. Relations," and "China's Principled Position Against the U.S. Policy of Interference and Subversion." The purpose is for dual preparations to be made against a worsening of Sino-U.S. relations and for the adoption of countermeasures against any rupture in Sino-U.S. relations.

It seems natural that such an important meeting should be chaired by Hu Jintao, a member of the Political Bureau Standing Committee and a member of the Central Secretariat in charge of day-to-day work. However, it seems somewhat unreasonable that the keynote speeches were given by Ding Guangen, the Political Bureau member in charge of ideology, and Zhang Wannian, chief of the general staff of the Armed Forces. Qian Qichen, the Political Bureau member in charge of foreign affairs and vice premier of the State Council, was excluded and did not attend the meeting. In addition, the organs which submitted the proposal to set up a global anti-hegemonist united front at an opportune moment were not those responsible for foreign affairs, but the General Staff Headquarters of the PLA and the CMC Policy Research Office. This is rather unusual. Although it is necessary to oppose interference from hegemonism in internal affairs, why did this allow the interference of the military in internal administrative affairs? All such "subtleties" remain unclear for the time being, and a clearer picture will appear after the further development of events.

Another noticeable point is that, at present, the CPC authorities are adopting highhanded methods to repress dissidents calling for political reforms, but this is not supported by the masses. The CPC authorities now call dissidents "hostile elements" who are supported by U.S.

hegemonists. It seems that the CPC authorities are trying to link pro-democracy activists advocating political reforms with the number-one enemy, the U.S. hegemonists, so that such activities can be denounced as "traitorous" and the crisis of domestic trust can be resolved. This shows the sinister nature of their intentions.

It should also be mentioned here that in the current post-Cold War period, the attempt to create and use the "Cold War" to mitigate and divert the people's attention from domestic contradictions was not invented first by the CPC authorities, but by North Korea. Of course, relations between the CPC authorities and North Korea are not good, but they may come into good terms again in order to join hands to launch an anti-U.S. campaign.

What should the United States do in facing this readjustment of the CPC's U.S. policy? It would certainly be an unwise move if the United States showed weakness and made concessions, and it may also incur losses if it takes a hard-line policy against the hard-line policy of the CPC, because its rival does not play fairly according to the rules of the game. How they adjust their China policy appropriately will be a great challenge and test for the political wisdom of U.S. statesmen.

#### LIAOWANG Views U.S. 'Strategic Focus'

[By Wang Shu (3769 2992): "Is the U.S Strategic Focus Shifting Eastward?"]

HK0505053894 Beijing LIAOWANG in Chinese No 17, 25 Apr p 61

[By Wang Shu (3769 2992): "Is the U.S Strategic Focus Shifting Eastward?"]

[Text] There are different ideas on whether or not the United States is changing its strategic focus (some call it the diplomatic strategic focus). Some say its focus is still Europe, while others say its focus has already switched to the Asia-Pacific region (or East Asia), and still others say its focus is in the process of switching from Europe to the Asia-Pacific region. I would like to express my views on this.

Unquestionably, after Clinton assumed office, the U.S. Government laid more emphasis than in the past on strengthening its economic and trade relations with the Asia-Pacific region. To put it more accurately, it will, as some Western academics said, strengthen its economic and trade relations with the East Asian region, where "economic miracles have appeared." The United States has always maintained close relations with Japan, Austria, and Canada, and regarded Japan as an important pillar supporting its Asia policy. In the last few years, East Asia has made rapid economic development, expanded its market, and performed what many Western academics call "East Asian miracles."

According to an estimate, the Asian "four small dragons'" GNP's increased by 5.6 percent last year and are expected to increase by 6.5 percent this year; ASEAN's

GNP increased by 6.4 percent last year and is expected to increase by 7.2 percent this year. China became the "locomotive of the East Asian economy" and registered a 13.4 percent growth last year. Aiming to "invigorate the U.S. economy," the Clinton administration is trying to cure its economic sickness, which has disturbed the United States for a long time, to cope with the ever-intensifying world competition and preserve its leading position in the world. This being the case, the United States of course wants to seize the so-called "newly emerging opportunity" to explore East Asia—"a market full of vitality"—and to compete against other developed nations for a favorable position in this market.

But in developing economic cooperation with the East Asian region and taking this region as a diplomatic focal point, the United States does not mean to switch its strategic focus from Europe to Asia. Similarly, the United States, Canada, and Mexico have signed the North American Free Trade Agreement and are trying to expand this plan to all of Latin America. This only indicates the U.S. effort to strengthen economic cooperation with American nations and does not mean that the United States wishes to switch its strategic focus from Europe to the American nations. Europe has always served as the corner stone for U.S. strategy. Despite the disintegration of the bi-polar pattern and the Soviet Union, Europe still remains unsettled. As many Western academics point out, Europe is the region with the most developed economic, scientific, and technological foundation in the world; the United States has major economic, political, and strategic security interests in Europe; and Europe is an important investment region for the United States; so to maintain its leading position in the world, the United States, as always, will need the support and cooperation of developed European nations. The end of the Cold War and East-West confrontation has not changed the fact that major U.S. interests are in Europe or that Europe is strategically important to the United States. Moreover, the change in the international situation has caused many new problems and contradictions to become more complicated. The United States and Russia are on guard against each other and suspicious about each other. Examples are a recent exposure of Russian spies in the United States and expulsions of one other's diplomats. A Russian leader said that Russia is a big country, not a small companion. The turbulent political situation in Russia, the deterioration of its economic difficulties, the fluctuations of its reform measures, and, particularly, the growth of extreme nationalists and rightist forces, have all made the United States uneasy. There are many economic, political, and social difficulties in republics of the former Soviet Union and conflicts are serious between these republics, as well as between these republics and Russia. Some of them have resorted to the use of arms. East European nations are facing great internal and external difficulties and unstable situations, fear the reemergence of Russian chauvinism, and are not sure how important the role of their "peaceful partnership" with NATO will be.

In addition, since the disappearance of the Soviet Union—this common enemy—the coherent force of Western nations, particularly that of NATO, has become tremendously lax, nationalist feelings and the wish for independence are escalating, and differences and conflicts between various NATO countries—as well as between NATO and the United States—are increasing along with frictions and contradictions in their economic and trade relations. And following the rapid development of information technology, Western developed countries are facing intense global competition in this field.

Following the disintegration of the bi-polar pattern and the emergence of a multipolar world, the previously suppressed and concealed nationalist and religious feelings have strongly risen, broken out, or aggravated ethnic conflicts and clashes, seriously affecting the stability of regional situations and social progress. The ethnic armed clashes in Bosnia-Herzegovina and the so-called "powder keg" of the Balkan peninsula, which is populated with many different nationalities, are particularly intense and cruel. Refugees are flooding developed European regions and are expanding to larger regions. In addition, there are many ethnic problems in Europe and other countries, and because of economic difficulties and serious unemployment, nationalism is rising and rightists' and new fascists' activities are increasing. This has found expression in Russian, German, and Italian elections. The deterioration of ethnic and religious disputes and armed conflicts in Europe's surrounding regions, such as the Middle East, North Africa, and west Asia, has also caused concern. Western newspapers pointed out that most of the explosive points and tense regions in the world are in Europe and its surrounding countries.

Viewing all these, we can say that the situation in Europe is not stable. In the present-day world, it is not easy for the United States to maintain a balance and stability between all forces in Europe or to preserve its leading position and strategic interests there. Such being the case, it is quite hard to presume that in the predictable future the United States will switch its strategic focus (including its diplomatic strategic focus) from the turbulent Europe to the comparatively stable Asia-Pacific region or East Asia. Of course, the view that the U.S. strategic focus is still in Europe does not hamper us from assuming that it values and is strengthening economic cooperation with Asia-Pacific or East Asian nations; developing economic cooperation with them will be favorable to strengthening its strategic position in Europe. Even during the previous period of U.S.-Soviet tense confrontation and contention the United States never overlooked the changes in other regions' situations. For the United States, Europe's strategic position is more important than Asia's. Although East Asia is making fast economic development, it is still far behind developed European regions in terms of economic and technological foundation, nor can its capital and personnel be compared with these regions'. For a long time to come, East Asia will not be able to surpass Europe. At

present, the United States is strengthening its relations with the Asia-Pacific region, but it is impossible and unnecessary for the United States to switch its strategic focus from Europe to the Asia-Pacific region now. As President Clinton said not long ago, "Europe is still where U.S. interests lie" and the U.S. "security nucleus is still in Europe."

**Canadian Official Avoids Clash Over Hong Kong**  
**HK0305120594 Hong Kong EASTERN EXPRESS in English 3 May 94 p 2**

[By Martin Freeman]

[Text] Canadian officials have steered clear of clashing with Beijing over democratic development in Hong Kong.

The highest-level delegation from Ottawa since the 1989 Tiananmen massacre avoided details of the Governor's political plans during talks in China, according to senior Canadian officials.

The subject of Hong Kong was brought up three times by the Canadian Governor-General, Ramon Hnatyshyn, but he went no further than expressing to Lu Ping, the top Chinese official in charge of affairs, the hope that the 1984 Sino-British Joint Declaration on the territory's future "would be respected".

In talks with the Governor, Chris Patten, in Hong Kong the Governor-General talked of the need for both the "letter and the spirit" of the Joint Declaration to be adhered to and said he hoped for negotiations between London and Beijing.

"We all very much hope for the resumption of dialogue and co-operation between China and Britain to give Hong Kong the future it deserves," one senior Canadian official said.

The message contrasts with that given to the Legislative Council last Friday when Hnatyshyn emphasised the need for "fairly contested and free elections" to buttress the rule of law.

But Ottawa officials denied that Canada was saying one thing to Hong Kong and giving a different message to Beijing.

While the Canadian delegation "did not specifically make the same comments to China" the message was the same, one official said.

The visit—which concludes in Guangzhou today—aimed to raise the profile of Canada, and discuss and develop economic and agricultural links.

Beijing was told of Canada's "concern" about human rights but was assured the issue would be kept separate from trade, the official said.

**Canadian Governor General Departs**

**OW0305163394 Beijing XINHUA in English 1509  
GMT 3 May 94**

[Text] Guangzhou, May 3 (XINHUA)—Canadian Governor General Ramon John Hnatyshyn and his party left here this evening by special plane for home after taking part in a series of activities to celebrate "Canadian Week".

Deputy governor of Guangdong Province Zhong Qiquan and other local leaders saw Hnatyshyn off at the airport.

Hnatyshyn and his party arrived here yesterday from Hong Kong. Zhu Senlin, governor of Guangdong Province, met with and hosted a banquet in honor of the Canadian guests in the evening.

**Canadian Banks Plan To Expand Services**

**OW0305212994 Beijing XINHUA in English 2052  
GMT 3 May 94**

[Text] Ottawa, May 3 (XINHUA)—Bank of Montreal plans for an expansion in China to serve Canadian business there, the Canadian newspaper GLOBE AND MAIL said today.

Neil Tait, the bank's senior vice-president for Asian banking, was quoted as saying that the bank wants to upgrade its presence in China. It intends to convert the Guangzhou office into a full branch and to open a branch in Shanghai, he said.

"We would like to see more so that we can service the needs of Canadian businesses," Tait said, adding that "we believe that the Canadian banks have to be there on the ground in the market to allow Canadian business to enter China."

The bank's chairman and chief executive officer Matthew Barrett will meet Chinese Vice Premier Zhu Rongji in Beijing this week to discuss the expansion plans.

Bank of Montreal is not the first Canadian financial institution to branch out in China. Last year, Royal Bank of Canada became the first Canadian Bank to open a full branch in the country.

Tait said it is mostly small and medium-sized businesses in Canada that have an interest in establishing a presence in China. "So the banking system has to be there as a leader as opposed to countries such as Europe or North America, where businesses are larger and can enter those markets more readily," he added.

He said, the branches will initially be offering trade financing services to stimulate trade between Canada and China. Money markets and project financing will also be offered, he said.

China has hinted at a greater role for foreign banks in its booming markets. Hong Kong Bank, with its affiliate Hang Seng Bank Ltd., has one of the largest networks

among foreign banks in China, with 12 branches and four representative offices, while Standard Chartered Bank has 13 branches and offices.

U.S. and Japanese banks are also angling for a bigger presence in China.

### Northeast Asia

#### Jiang Zemin Terms Relations With Japan "Very Good"

OW0505113294 Beijing XINHUA in English  
1121 GMT 5 May 94

[Text] Shanghai, May 5 (XINHUA)—Chinese President Jiang Zemin said here today that the relations between China and Japan are very good and that the two peoples should live in friendship from generation to generation.

Extending his welcome to Bunhei Hara, president of the House of Councillors of the Japanese Diet, and his delegation, Jiang noted that as close neighbors, China and Japan have had friendly contacts for more than 2,000 years.

Since the establishment of diplomatic ties more than 20 years ago, great advances have been made in the bilateral friendly cooperation in every field, Jiang noted.

Speaking of an unfortunate historical period between the two countries, Jiang said "past experience, if not forgotten, is a guide for the future."

Leaders of the two countries should take a broad and long-term point of view and look forward to the future, he said, adding that they should further promote the mutually-beneficial cooperation in all fields and contribute to the safeguarding of peace, stability and prosperity in Asia and the world at large.

Hara told Jiang that his visit to Beijing, Xian and Shanghai has enabled him to witness the achievements China has made in its reform and opening-up and economic development.

Hara expressed his willingness to exert himself to the promotion of the Japan-China ties of friendship and cooperation.

Ye Gongqi, chairman of the Standing Committee of the Shanghai Municipal People's Congress, was present at today's meeting.

#### Hata Cited on Minister's Remarks on Nanjing

OW0505051594 Beijing XINHUA in English  
0321 GMT 5 May 94

[Text] Paris, May 4 (XINHUA)—New Japanese Prime Minister Tustomu Hata, on a one-day official visit to France, said here today that it is improper for Japan's Justice Minister Shigeto Nagano to describe the Nanjing massacre as a "fabrication."

Hata's spokesman Kishichiro Amae told reporters that Hata said he himself was going to talk with Nagano about the issue.

Hata arrived here earlier today for talks with French leaders on the Naples summit of the Group of Seven most industrialized countries scheduled for July.

Hata reiterated his viewpoint on the past history: "Japan had launched a war of colonialism and aggression, which had caused huge agony and catastrophes to many peoples. Therefore, every Japanese should envisage the history of that period and, together with the Japanese Government, never allow similar events to occur."

"This is of vital importance," he stressed.

In an interview with Japan's major daily newspaper "MAINICHI SHIMBUN" Tuesday, Nagano, who was appointed by Hata just last week, termed the 1937 Nanjing massacre as a "fabrication" and even denied Japanese invasion of other nations during the second world war.

Nagano, a 71-year-old senior member of Hata's Japan renewal party, said it was "wrong" to call Japan's invasion of its Asian neighbors in the 1930s and 1940s aggression, according to the newspaper.

"I think the Nanjing massacre is a fabrication, and it is wrong to describe the war as a war of aggression," Nagano said.

In December 1937, Japanese invasion troops occupied Nanjing, the then Chinese capital, and slaughtered up to 300,000 innocent Chinese civilians and prisoners of war in the city. The notorious massacre has been proved by undeniable evidence.

Nagano, who graduated from a Japanese military academy, joined Japanese invasion troops to China during World War II. He entered the Self-Defense Force (SDF) after the war, was once chief of staff of the SDF ground force and retired from the military in 1980.

Last year, then Prime Minister Morihiro Hosokawa said Japan had undertaken a war of aggression against its Asian neighbors during World War II.

Hata said last July that Japan should apologize for its war atrocities.

#### Wu Xueqian Receives Japanese Industrial Delegation

OW0405134794 Beijing XINHUA in English  
1324 GMT 4 May 94

[Text] Beijing, May 4 (XINHUA)—Wu Xueqian, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) and president of the Chinese Association for International Understanding, met here yesterday with a Japanese molding industry delegation.

The delegation, headed by Councillor of the Japanese Molding Industry Association Kiyoshi Hosokawa, arrived here on May 1 at the invitation of the Chinese Association for International Understanding.

Hosokawa, an old friend of the Chinese people, started efforts in the 1950s to promote Sino-Japanese friendly exchanges, especially molding industry exchanges and cooperation.

The delegation is also scheduled to visit Wuhan, Shanghai and Suzhou.

#### ROK Regrets Remarks by Japan's Nagano on Nanjing

OW0505060894 Beijing XINHUA in English  
0531 GMT 5 May 94

[Text] Seoul, May 5 (XINHUA)—South Korea expressed regret Thursday [5 May] over the remarks by Japanese Justice Minister Shigeto Nagano that his country was not an aggressor in World War II and the war was aimed at liberation of colonies.

The South Korean Government is looking into a real intention behind Nagano's remarks, a senior Foreign Ministry official said.

The official said that he felt sorry for a cabinet minister of the Japanese Government intent on a reformist politics and contribution to the international community to have such a consciousness of history.

"The remarks might taint efforts by the Japanese people to redress the past," he maintained.

Japan ruled Korea as a colony from 1910 until Japan's World War II defeat in 1945.

Nagano stirred the controversy in an interview with the Japanese national newspaper MAINICHI Tuesday by claiming that the Pacific war was not a war of aggression and was instead designed for liberation of colonies and a Greater East Asia Co-Prosperity Sphere.

He also asserted that the "rape of Nanking" by Japanese soldiers in 1937 was a hoax. Nanking is presently spelled Nanjing.

However, new Japanese Prime Minister Tsutomu Hata, who is on a visit in France, Wednesday described as "inappropriate" remarks made by his justice minister dismissing the killing of an estimated 300,000 Chinese civilians by Japanese troops in 1937 in Nanjing, the Chinese capital then.

"My view on the past history is that our past actions, including aggression and colonial rule, caused unbearable suffering and sorrow for many people," Hata said in a brief statement shortly after arriving in Paris for a two-day official visit.

Nagano's remarks contrast sharply with the views of Japan's previous administration, which left office last

week. Former Prime Minister Morihiro Hosokawa called World War II "a war of aggression" and said it was wrong.

Hosokawa reiterated this recognition by Japan when he visited China earlier this year.

#### ROK Students Stage Anti-U.S. Demonstration

OW0405182694 Beijing XINHUA in English  
1654 GMT 4 May 94

[Text] Seoul, May 4 (XINHUA)—More than 2,000 students from 40 universities in the Seoul area demonstrated here today, urging the United States to withdraw its troops from South Korea and opposing the government's decision to open the country's rice market.

The students condemned the U.S. for posing a nuclear war threat to the Democratic People's Republic of Korea (DPRK) and creating a war atmosphere on the Korean peninsula.

They called for a nuclear-free Korean peninsula and a peace pact between the U.S. and the DPRK.

Some 37,000 American troops are now stationed in South Korea and the U.S. deployed Patriot missiles in South Korea last month in the name of enhancing its ally's defense capabilities against the DPRK.

The demonstrators also accused the South Korean government of opening the domestic rice market and called on the National Assembly not to approve the government's final documents related to the world trade accord of the Uruguay Round.

Police forces were mobilized but no clash was reported during the demonstration.

Earlier today, some 400 students staged a demonstration near the American center in Kwangju, capital of South Korea's South Cholla Province, charging the U.S. with creating a war atmosphere on the Korean peninsula.

The students tried to storm into the American center but were blocked by riot police firing tear gas.

A clash between the police and students wielding paint bottles and rocks followed, wounding some 10 policemen and students who were then taken to nearby hospitals for treatment.

#### DPRK Party Secretary Meets CPC Delegation

OW0405135694 Beijing XINHUA Domestic Service in Chinese 1402 GMT 3 May 94

[By reporter Ji Xinlong (1213 2450 7893)]

[Text] Pyongyang, 3 May (XINHUA)—Kim Ki-nam, secretary of the Workers Party of Korea [WPK] Central Committee, had a meeting here today with members of

the CPC delegation of party workers headed by Bai Keming, deputy head of the CPC Central Committee Propaganda Department.

During the meeting, Kim Ki-nam and Bai Keming briefed each other on their parties' ideological and educational propaganda.

Kim Ki-nam said: The Korean people are pleased from the bottom of their hearts with the success China has achieved in its socialist construction. He said: The WPK attaches great importance to educating young people on the Korean-Chinese friendship. Korean-Chinese friendship is cemented by blood. Educating people of the younger generation on Korean-Chinese friendship has important significance.

Chinese ambassador to Korea Qiao Zonghuai was present at the meeting.

The CPC delegation of party workers arrived in Pyongyang for a visit on 26 April. The delegation is scheduled to end the visit and return home on 4 May.

## Southeast Asia & Pacific

**Tian Jiyun Arrives in Sydney for Week Visit**  
OW0305162494 Beijing XINHUA in English 1546  
GMT 3 May 94

[Text] Canberra, May 3 (XINHUA)—Tian Jiyun, vice-chairman of the Chinese National People's Congress (NPC), arrived in Australia's largest city of Sydney this evening to start a week-long visit to the country.

Tian said in a written statement upon his arrival that the visit by the NPC delegation to Australia is to "enhance the existing links and contacts between the Chinese NPC and the Australian Parliament and to expand the friendly cooperative relations between our two countries."

Tian, who is heading the NPC delegation, also said that he was looking forward to meetings with leaders of the Australian Parliament and government to exchange views on the issues of common concern.

He also expressed his wish to have an opportunity to make contacts with people from all walks of life including those from the industrial, commercial and business circles.

Tian expressed his belief that his visit to Australia "will be a great success."

It is understood that during his stay in Australia, Tian will tour Canberra and the states of Victoria, New South Wales and Queensland.

He will also have meetings with leaders of the Federal Parliament and Government on furthering the contacts between the two parliaments.

Australia is the last leg of Tian's trip to the South Pacific, which has already brought him to New Zealand, Western Samoa and Papua New Guinea.

**Meets PNG Prime Minister 3 May**  
OW0305162194 Beijing XINHUA in English 1547  
GMT 3 May 94

[Text] Canberra, May 3 (XINHUA)—Prime Minister Pias Wingti of Papua New Guinea (PNG) said today that the mutual visits and meetings between leaders of PNG and China are of importance to the development of bilateral relations.

Wingti made this remark in a meeting with Tian Jiyun, vice chairman of the Chinese National People's Congress (NPC), who was leading a NPC delegation on a visit to the South-Pacific country.

Wingti pointed out that both China, with a population of over one billion, and PNG are situated in the Asia-Pacific region, and China has the major influence in the world.

Tian, who praised Wingti for his efforts to further increase friendship between the two nations, expressed his appreciation for PNG's adherence to the "one China" policy.

The two leaders also exchanged views on furthering the bilateral economic and trade cooperation and predicted an upbeat prospect for the expansion of trade and economic and technological cooperation between the two countries.

Meanwhile, PNG Acting Governor-General Bill Skate also met Tian Jiyun on Monday (2 May). He told Tian that he would continue to make efforts in enhancing friendship between the two nations.

Tian said that both China and PNG are the developing nations and that the two nations have shared the common interests in safeguarding peace and promoting prosperity in the region and improving the living standards of their own countries. He also said that the Chinese Government and NPC are willing, together with the PNG Government and Parliament, to usher the bilateral ties in a new stage.

Tian left Port Moresby this afternoon for Australia to continue his South-Pacific trip.

**Meets Australian Parliamentarians**  
OW0405181994 Beijing XINHUA in English 1545  
GMT 4 May 94

[Text] Canberra, May 4 (XINHUA)—Stephen Martin, speaker of the House of Representatives of Australia, said this evening that the mutual visits between parliamentarians of Australia and China are conducive to the increase of understanding.

This would also contribute to the further development of relations between the two countries, Martin said.

Martin made the remarks at a dinner entertained in honor of visiting vice-chairman Tian Jiyun of the Chinese National People's Congress (NPC), who is now leading a NPC delegation on a week-long visit to the South Pacific nation.

The speaker stressed that both Australia and China as well parliaments of the two countries have enjoyed close and friendly relationship.

Tian said that although China and Australia have different social system, ideology, view of value and development stage of economy, the two countries have shared common interests in many areas.

The two countries, situated in the Asia-Pacific region, have common interests in safeguarding peace and stability in the region, developing economy of their own nation, booming economy in the region and improving the living standard of their own people, Tian stressed.

He said that "the rapid economic development in China will certainly create new opportunities for our bilateral economic and trade cooperation."

The two-way trade between China and Australia reached three billion U.S. dollars in 1993, representing an increase of 28 percent compared with the previous year, and is expected to increase this year.

He also disclosed that in the coming seven years, China is going to import commodities worth of 1,000 billion U.S. dollars.

Tian said that the economies of the two countries have strong compliments and the potential is great for furthering the bilateral cooperation.

He hoped that the trade volume between the two countries would have considerable share in the total sum of 1,000 billion U.S. dollars.

Tian and the delegation he led arrived in Canberra this afternoon. On his way from Sydney to Canberra, Tian had a stop-over in Wollongong, south of Sydney, where he visited the Port Kembla grain terminal.

#### Meets With Bill Hayden 5 May

OW0505091394 Beijing XINHUA in English 0806  
GMT 5 May 94

[Text] Canberra, May 5 (XINHUA)—Bill Hayden, governor-general of Australia, said here today that he was deeply impressed by the great achievements that China has scored in its drive of opening to the outside world and economic reforms.

Hayden said this in a meeting with visiting vice-chairman Tian Jiyun of the Chinese National People's Congress (NPC), who is leading a NPC delegation on a visit to the South Pacific nation.

Hayden said that he hoped China would continue to cooperate with Australia in the fields of agriculture and husbandry and increase its trade volume in agricultural products.

The Australian governor-general just returned back from his nine-day official visit to China, where he had meetings with President Jiang Zemin and other Chinese leaders.

Tian, expressing his appreciation for the contributions Hayden has made to the Sino-Aussie friendship, said that Hayden is an old friend of the Chinese people.

Tian said that both China and Australia are big countries in the Asia-Pacific region and can play an important role in development and in safeguarding peace and stability in the region.

He also said that the potential for cooperation is great between the two countries as China is a large nation with over a billion population and Australia is a large country boasting rich resources.

Tian said that the deepening of China's reforms would offer opportunities for further increasing bilateral trade.

Tian also conveyed regards from Chinese President Jiang Zemin to Hayden, who asked Tian to convey his best wish to Jiang.

Tian arrived in Australia on Tuesday [3 May] for a week-long visit to the country, the last leg of his four-nation South-Pacific trip, which has already taken him to New Zealand, Western Samoa and Papua New Guinea.

In the morning today, Tian also had meetings with Rick Farley, executive director of the National Farmers' Federation, Andrew Peacock, shadow minister for foreign affairs of the opposition, and Tim Fisher of the leader of the National Party.

#### New Highway Opens Across Yunnan-Burmese Border

OW0305144994 Beijing XINHUA in English 1403  
GMT 3 May 94

[Text] Kunming, May 3 (XINHUA)—The Yingjiang-Bhamo highway, a new highway across the Sino-Myanmar [Burma] border area, opened to traffic late last month.

The 128-kilometer highway runs from Yingjiang County in southwest China's Yunnan Province to Bhamo city in the northern frontier region of Myanmar.

The construction of the highway started in November 1991. It connects the noted Yunnan-Myanmar highway in Yunnan Province and links up with the Stilwell Highway in Myanmar (the Stilwell Highway was named after Joseph Stilwell, a late U.S. general). The section of the highway in Myanmar's territory is 56 kilometers. With the approval of the Myanmar government, Chinese

road builders joined in the construction of a 28.8-kilometer part of the highway on the Myanmar side.

The highway is built along the ancient commercial path which stretched from Yunnan to Myanmar, India and Pakistan.

Sources said that the opening of the highway will promote the development of border trade between China and Myanmar and will serve as a short cut for trade between China and Southeast Asian and southern Asian countries.

### Near East & South Asia

#### 'Arafat: Self-Rule Agreement Could Be Signed

OW0205184694 Beijing XINHUA in English 1643  
GMT 2 May 94

[Text] Bonn, May 2 (XINHUA)—PLO Chairman Yasir 'Arafat said today that he believed the agreement on Palestinian self-rule in the Gaza Strip and Jericho could be signed on Wednesday [4 May].

'Arafat made the remarks at a press conference at the headquarters of Daimler-Benz A.G. in Stuttgart, Germany.

Commenting on the planned signing of the self-rule agreement in Cairo Wednesday, the PLO leader said, "where there is will there is a way."

But he cautioned that one person cannot dance a tango and the success also depends on the other party.

He said his talks with Israeli Prime Minister Yitzhaq Rabin in Cairo tomorrow will be devoted to solving "some problems" and he hoped the meeting could "remove obstacles."

Asked when he would return to Jerusalem, Jericho or Gaza, 'Arafat said this will depend on when Israel withdraws its troops from the occupied territories.

Israeli Army should have been pulled out of Gaza and the Jericho area before April 13 in accordance with an original plan.

'Arafat arrived in Stuttgart early today on a day-long visit at the invitation of the German automaker Daimler-Benz A.G. He met with company president Edzard Reuter on cooperation between Palestine and Germany. He also conferred with Erwin Teufel, minister-president of Baden-Wurttemberg.

#### 'Sources': 'Arafat Signature Says Maps 'Not Final'

OW0405220894 Beijing XINHUA in English 2131  
GMT 4 May 94

[Text] Cairo, May 4 (XINHUA)—Palestinian leader Yasir 'Arafat wrote down his reservations on the maps annex before he signed it at the ceremony for the signing

of the Gaza-Jericho self-rule agreement with Israeli Prime Minister Yitzhaq Rabin here today.

During the ceremony 'Arafat first signed three copies of the agreement, but refused to sign the annexes of the maps of Gaza and Jericho that will become autonomous zones.

Then Rabin signed the agreement without signing the annexes either, which led to a brief recess of the ceremony for last minute consultations.

They returned to the hall a few minutes later. 'Arafat then wrote down his reservations in arabic and signed the annexes.

Informed sources told XINHUA the words he wrote in Arabic were "these maps are not final and they are still under consideration."

Rabin listened to 'Arafat's reservations through an interpreter and then signed the annexes without making any statement.

Israel agreed to give 62 square kilometers to Jericho but Palestinians demanded more than double.

Chief PLO negotiator Nabil Sha'ath said after the ceremony that the size of Jericho will be further negotiated.

#### Mubarak Views PLO-Israeli Agreement

OW0405182394 Beijing XINHUA in English 1610  
GMT 4 May 94

[Text] Cairo, May 4 (XINHUA)—Egyptian President Husni Mubarak described the new PLO-Israeli agreement on Palestinian autonomy in Gaza and Jericho signed here today as a "revolutionary transformation" in relations between Israel and the Palestinians.

The agreement, signed by Palestinian leader Yasir 'Arafat and Israeli Prime Minister Yitzhaq Rabin, deals with details of the implementation of Palestinian self-rule in the Gaza Strip and the West Bank's Jericho area, including the Israeli troops withdrawal and the establishment of Palestinian autonomy authority in the two areas.

Palestinian autonomy in the two areas was provided for in the PLO-Israeli peace accord signed in Washington on last September 13.

Speaking at today's signing ceremony, Mubarak said, "we have witnessed a historic event which will have its effect on the future and destiny of the area for hundred years to come."

"This event is a landmark on the road of realizing a great dream and a unique vision of the makers of peace whose faith has not been shaken, in spite of difficult circumstances, for the sake of peace and its sublime aim and noble goal," he added.

Hence, he said, the moment of the signing of the new agreement was a historic moment that will not be obliterated by the passage of time.

Mubarak also reviewed the difficult and strenuous efforts of many parties for Palestinian-Israeli peace.

He said peace is the ultimate goal of all peoples and war is a meaningless endeavor regardless of any tentative victory or illusionary security. "It is the just and honorable peace alone that represents the right path to a life of security and happiness."

He said, "the Egyptian people have never hesitated for a moment to sacrifice their souls, daily bread and blood for the sake of a just and comprehensive peace to be enjoyed by all the peoples in the area."

He stressed, "any unilateral peace between Egypt and Israel or between any country of the confrontation countries with Israel will not establish permanent and just peace in the entire area. More than that, even if peace is realized between all confrontation countries and Israel without a just solution to the Palestine problem, this will never establish durable and just peace on which the entire world insists today."

He said, "despite the fact that we still have ahead of us several steps to establish a comprehensive peace to which we are committed, the step which has just been realized and the achievement we have just reached are important enough as they lead to further steps along the path of peace."

He also urged people to implement the new agreement "in the spirit of goodwill and in all honesty despite all difficulties that may arise in the process of implementation, difficulties which we consider are part of the nature."

#### Main Points of PLO-Israeli Agreement Noted

OW0405181794 Beijing XINHUA in English 1722  
GMT 4 May 94

[Text] Cairo, May 4 (XINHUA)—The agreement signed by the PLO and Israel here today on implementing Palestinian self-rule includes a general accord and four annexes.

The annexes are on security, economy, legal jurisdiction and transfer of civil power. The annex on economy, that is part of the self-rule agreement, was already signed by the PLO and Israel at the end of last month in Paris, where negotiations thereon were held.

The main points of the agreement including the following:

- Israel and the PLO, the representative of the Palestinian people, reaffirm their determination to live in peaceful coexistence, mutual dignity and security while recognizing their mutual legitimate and political rights.

- The two sides reaffirm their desire to achieve a just, lasting and comprehensive peace settlement through the agreed political process and reaffirm their adherence to the mutual recognition.
- The two sides reaffirm their understanding that the interim self government arrangements in the Gaza Strip and the Jericho area are an integral part of the whole peace process and that the negotiations on the permanent status will lead to the implementation of UN Security Council Resolution 242 and 338.
- Israel shall implement an accelerated and scheduled withdrawal of Israeli military forces from the Gaza Strip and from the Jericho area beginning immediately with signing of this agreement and to be completed within three weeks from this date.
- Israel will be responsible for external security and for internal security in areas of Jewish settlements.
- The Palestinian authority shall establish a strong police force in order to guarantee public order and internal security for the Palestinians in Gaza and Jericho.
- Israel and the Palestinian authority shall seek to foster mutual understanding and tolerance and abstain from incitement, including hostile propaganda against each other.
- Both sides shall take all measures necessary in order to prevent acts of terrorism, crimes and hostilities directed against each other.
- The parties agree to a temporary international or foreign presence in the territory, including international observers and instructors.
- If the Palestinian authority is unable to prevent attacks against Israeli settlements or Israelis so that their security is threatened, Israel may take all measures necessary to respond to such events including the introduction of additional military forces.

#### XINHUA 'News Analysis' Views Palestinian Self-Rule

OW0405213194 Beijing XINHUA in English 2050  
GMT 4 May 94

[XINHUA "News Analysis" by Xia Haitao and Liu Shun: "Chances of Palestinian Self-Rule"]

[Text] Cairo, May 4 (XINHUA)—Overlooked by two background statues of a young girl holding a peace dove, Palestinian leader Yasir 'Arafat and Israeli Prime Minister Yitzhaq Rabin today put seal to the Gaza-Jericho self-rule agreement which aims to bring peace to the two antagonistic peoples.

The historic scene, witnessed by more than 2,000 dignitaries and guests at the Cairo International Conference Center, marks a "new dawn" to the people in Gaza and Jericho, as chief PLO negotiator Nabil Shaath put it. It opens a new page in the Palestinian annals which up till now have been soaked in blood and tears.

For the Palestinians in the occupied land, what the self-rule agreement means most is that it gives them

sovereignty symbols—the power of legislation, their own passports, postage stamps and area code, their own airline, radio and TV stations, the right to fish freely in their own territorial seas and above all, they will see their own armed policemen patrolling the streets instead of facing the black barrels of Israeli guns.

To run the self-rule regions, the PLO Executive Committee has named a 25-member National Authority Council. It will be headed by 'Arafat, who is expected to enter into Gaza and Jericho in early June, and made up of 12 people from the occupied territories and the diaspora respectively, assuring a political leadership at long last to the Palestinians in the occupied territories.

Poor and neglected as it is in the occupied land, economic development occupies a top priority for the Palestinian autonomy government, and it has its chances.

Of the several joint PLO-Israeli coordination committees, the economic coordination committee has reaped good results in their negotiations. They signed an economic pact in Paris on April 29. The self-rule authority will establish a monetary mechanism, manage foreign currency reserves, conduct its own direct tax policy and run its own import and export business.

Long sufferings of the Palestinians have drawn worldwide sympathy. More than 40 countries have offered to supply 2 billion U.S. dollars to aid the self-rule which also provides good investment opportunities for the successful Palestinian financers and entrepreneurs in the diaspora.

With a level of self-controlled economic institutions at home and assistance offers worldwide, the self-rule authority could do something to the occupation-shattered economy.

From being occupied to self-rule is a drastic turn that unavoidably invites post-occupation frictions and uncertainties. Besides the continuing joint committees on liaison, security and civil affairs, two dispute committees and a trilateral cooperation and coordination mechanism set up by the self-rule agreement are meant to this rescue.

As 'Arafat put it Monday [2 May], the Gaza-Jericho self-rule agreement is an initial step toward the establishment of a Palestinian state and Israeli withdrawal from all occupied lands including Jerusalem. The more difficult negotiations on the final status of the occupied territories lie ahead and there is a long way to go to achieve a complete resolution of the Palestinian issue.

This initial step, which leads to partial Israeli withdrawal from the occupied land, will have political and psychological effects on the Palestinians and Arabs. It will enable the Arab parties concerned, Israel and world powers to focus their efforts on other tracks of Arab-Israeli negotiations, particularly the Syrian-Israeli track.

In two weeks time, U.S. Secretary of State Warren Christopher will begin another diplomatic shuttle in the Middle East region. He said he would mainly push forward the Syrian-Israeli talks. The impetus the agreement on the implementation of the self-rule in Gaza and Jericho gave to the whole Middle East peace process is obviously felt.

#### Palestinians, Israelis Agree on Jurisdiction

OW0405211994 Beijing XINHUA in English 1935  
GMT 4 May 94

[Text] Cairo, May 4 (XINHUA)—The Palestinians and the Israelis have agreed on jurisdiction affairs in the Gaza Strip and the West Bank's Jericho area where Palestinians will implement self-rule in accordance with an agreement they signed today.

Under a jurisdiction annex of the Palestinian-Israeli agreement on Palestinian self-rule, the power of the Palestinian autonomy authority covers all matters that fall within its territorial, functional and personal jurisdiction.

The annex says the territorial jurisdiction, which covers the Gaza Strip and the Jericho area, shall include land, subsoil and territorial waters.

The functional jurisdiction does not include foreign relations, internal security and public order of Israeli settlements and the military installation area and Israelis, and external security.

The personal jurisdiction extends to all persons within the territorial jurisdiction, except for Israelis.

The Palestinian authority has legislative, executive and judicial powers and responsibilities, while Israel has authority over the Israeli settlements, the military installation area, and Israelis.

The annex also specifies criminal and civil jurisdiction.

Two other annexes, one on Israeli troops withdrawal and the other on civil matters, were also signed along with the jurisdiction annex. They are part of the Palestinian autonomy agreement.

Israeli troops will complete their withdrawal from Gaza and Jericho within three weeks.

An annex on economic affairs was already signed at the end of last month in Paris.

The Palestine Liberation Organization and Israel signed a peace accord in Washington on last September 13, which provides for Palestinian self-rule in Gaza and Jericho. But, the implementation of the accord was delayed because of differences between the two sides on some key issues.

**Jericho Residents View Self-Rule Pact**

OW0405190894 Beijing XINHUA in English 1815  
GMT 4 May 94

[XINHUA "Feature": "Jericho Embraces Belated Happiness of Autonomy With Low-Key Celebrations"]

[Text] Jerusalem, May 4 (XINHUA)—"We are very happy today that the agreement on Gaza-Jericho self-rule finally comes, though it has been delayed for so long," said Mahmoud Sutari, who works for PLO's press office branch in Jericho, an ancient West Bank city.

Sutari is only one of over ten thousand Palestinian residents in West Bank town of Jericho who expressed their excitement over the signing of the self-rule agreement by PLO Chairman Yasir 'Arafat and Israeli Prime Minister Yitzhaq Rabin in Cairo.

Under the Israeli-PLO Peace Accord signed in Washington last September, the Israeli troops withdrawal should have started on December 13 last year and been completed by April 13. But both deadlines were missed because of differences between the two sides on some key issues.

There was no scene of large celebrations, largely due to the delay of the agreement, but still people of all ages were rushing to the narrow streets, laughing and chanting. Though traffic jams occurred sometimes, no one complained as usual.

So far, a lot of Palestinian flags were already flying on various buildings, reminding people that Jericho is now a place of the Palestinians.

Two young Palestinians even climbed to the top of the iron fences surrounding the Israeli police office in the town center to erect the Palestinian flags. Though the Israeli police are still in the building, they showed great restrictions and did not take any action to stop the Palestinians.

"Today the world understands that after 27 years, we're feeling much better, though the happiness is a little bit late," Sutari said. He is referring to the year 1967 when Israel used only six hours to seize the West Bank of the Jordan River.

Helal al-Takrorg, 23, and Monir Tanboupi, 26, both university students from the biggest West Bank town Nablus, told XINHUA that "they feel great" toward the upcoming autonomy.

There was no photo of 'Arafat in the town center, except a few drawings of him on dirty walls. 'Arafat declared in April that he would come to Jericho this month.

"I trust Mr. Arafat, trust everything he does very much, because he is a hero of all Palestinians," said Takrorg.

When asked whether they believe 'Arafat would bring them together to build a strong economy, both Takrorg

and Tanboupi gave a positive answer. "A strong economy will not come at present, but maybe at future," Takrorg said.

Imad Bevhmeh, owner of a small shop, told XINHUA that he "is overwhelmed by today's signing." "I admire 'Arafat very much because he will bring democracy and a new life to our people," he said.

But not all the Palestinians would like to render their support to 'Arafat. A young Palestinian, who would only called himself Mohamed, described 'Arafat as a "weak" man because he conceded a lot to Israeli Prime Minister Rabin and because he could not really bring together Hamas, Fatah and other Palestinian parties.

The Islamic Resistance Movement, Hamas, and PLO's mainstream Fatah movement, under heavy pressure from the Israeli Government, reached a cooperation accord after difficult negotiations on April 22, to pave the way for today's signing of the agreement.

Hamas promised to suspend attack on the Palestinians it considers collaborating with Israel for one month after the implementation of the self-rule agreement, but declared it would continue to take violent actions against Israelis.

Mohamed continued to say that "the economy will be a pretty hard task for 'Arafat" because in Jericho there is only agriculture with industry next to zero.

Not all the faces we saw were joyous. The scene turned to be full of anger when a middle-aged woman cried loudly in the face of the Israeli police office building: "Why did you kill my son? Was he guilty?" Her son, though not involved in violence, was killed by Israeli police just two months ago.

Whether peace and harmony will really come between the Israelis and the Palestinians remains a big question, because opposition forces on both sides are still quite strong.

Sutari said, "we are not hitting Jews, we are just looking for freedom of our own state. The problem (of possible violence) does not come from the people, but from the political sides."

When asked about their future, shop owner Bevhmeh said, "my business will do better, because with autonomy we will have more chances and opportunities. Life will get better, and more customers will come to my shop."

"Now we are looking for a better life. There will be a new government, our own leaders, and our own life," Sutari told XINHUA.

**Pakistan's Leghari Praises Engineers on Project**  
*OW3004164194 Beijing XINHUA in English 1625  
GMT 30 Apr 94*

[Text] Islamabad, April 30 (XINHUA)—President Farooq Leghari today highly praised the Chinese experts working in Saindak project for their efforts to complete the project six months ahead of schedule.

Leghari, who visited the project near Pak-Iran border in Balochistan province today, said that the Saindak project would help further cement the already friendly ties between Pakistan and China.

He said the completion of the Saindak project would usher in new era of prosperity and progress in Balochistan province.

The project, under construction of Chinese engineers, is expected to yield for 19 years an average annual production of 15,310 tons of copper, 1.47 tons of gold and 2.76 tons of silver.

The products will be exported to China, Japan and the United Kingdom and other European countries at international prices.

The project will also result in creating 1,288 direct and 11,000 indirect jobs, mostly for people of Balochistan.

Saindak is about 700 kilometres from Quetta, capital of Balochistan province.

Saindak project, one of the biggest project in the mineral sector in Pakistan, would be completed in February 1995, six months ahead of the schedule, resulting in savings of about 30 million U.S. dollars in the project cost.

### West Europe

**Further on Visit by Li Ruihuan to Finland**

**More on Meeting Prime Minister**  
*OW0505013394 Beijing XINHUA Domestic Service in Chinese 0830 GMT 4 May 94*

[By Zhao Changchun (6392 7022 2504)]

[Text] Helsinki, 3 May (XINHUA)—On 3 May, Finnish Prime Minister Esko Aho met with Li Ruihuan, visiting chairman of the National Committee of the Chinese People's Political Consultative Conference. The two leaders praised Sino-Finnish friendship in glowing terms, exchanging views on further developing friendly relations and cooperation between the two countries.

Li Ruihuan said: The Chinese and Finnish peoples enjoy a traditional friendship. Despite changes that have taken place in the world for an extended period of time since the establishment of diplomatic relations between China and Finland, relations between the two countries have always been very good and can be described as a model

of friendly relations and cooperation between countries with different social systems. China is satisfied with the smooth development of its relations with Finland, and appreciates the farsighted China policy implemented by the Finnish Government.

Li Ruihuan said: The sound development of Sino-Finnish relations has primarily arisen from mutual respect shown by the two countries for each other's reality and national conditions, and for the wishes and political choice of each other's people. Second, it has stemmed from frequent exchanges, especially constant exchanges of high-level visits aimed at enhancing understanding and dispelling misunderstandings. Third, it has arisen from common development based on equality and reciprocity. Fourth, it has been brought about by consultation aimed at seeking common ground while reserving differences.

Li Ruihuan said: China is a developing country engaged in reform and opening up, whereas Finland is a developed industrialized nation. There is tremendous potential for cooperation because both have their own strengths and can complement each other. China is ready to raise the relations between the two countries to a new level on the current basis.

Prime Minister Aho said his recent visit to China had been a great success. He said: Finland and China have successfully developed their friendly relations and cooperation in all fields since they established diplomatic relations. Particularly in recent years, they have made great strides in economic, trade, scientific, and technological cooperation. Through constant exchanges of high-level visits in the political arena, the two sides have found common ground and reached understanding on many issues. Finland is satisfied with the development of its relations with China. He said: The Finnish Government attaches great importance to Chairman Li Ruihuan's current visit, viewing it as a new effort at developing relations between the two countries. He expressed the belief that Li Ruihuan's visit would further the continuous development of mutually beneficial cooperation between the two countries. Prime Minister Aho asked Li Ruihuan to convey his regards to Premier Li Peng.

**Futher on Meeting Foreign Minister**

*OW0505013994 Beijing XINHUA Domestic Service in Chinese 0836 GMT 4 May 94*

[By Zhao Changchun (6392 7022 2504)]

[Text] Helsinki, 3 May (XINHUA)—Finnish Foreign Minister Haavisto held talks on 3 May with Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference [CPPCC] who is visiting Finland. The two sides pledged concerted efforts to further promote bilateral relations.

Li Ruihuan said: In recent years, China and Finland have made remarkable achievements in exchanges and

cooperation in all fields. The leaders of the two countries exchange visits constantly. Bilateral economic relations and trade have developed rapidly. New success has been made in scientific and technological cooperation. Cultural and educational exchanges have also been very active. China is satisfied and gratified with the smooth development of Sino-Finnish relations.

On China's foreign policy, Li Ruihuan said: China pursues a policy characterized by independence and self-reliance with peace and development as its goals. To put it more specifically, it is a policy to safeguard China's independence and sovereignty, oppose external intervention, stand for peaceful settlement of international disputes, oppose hegemony and power politics of any form, establish friendly relations and cooperation with all countries, including western nations, on the basis of the five principles of peaceful coexistence, actively develop good-neighborly and friendly relations with neighboring countries, strengthen solidarity and cooperation with developing nations, and open our door on every side.

Haavisto said: China's great success in economic construction has won respect and admiration from the people of the world. Finland hopes to further cooperate with China in various fields and take an active part in China's economic construction. Chairman Li's current visit to Finland will deepen China's understanding of Finland, promote friendship between the two peoples, and bring about a sustained and stable development of bilateral economic and trade relations on the basis of equality and mutual benefit.

In the evening, Haavisto gave a banquet in honor of Li Ruihuan and his party.

#### Finnish Leaders Attend Reception

OW0505060594 Beijing XINHUA in English 0533  
GMT 5 May 94

[Text] Helsinki, May 4 (XINHUA)—Finnish leaders today attended a reception hosted here by Chinese Ambassador to Finland Zheng Jinlan in honor of Li Ruihuan, chairman of the Chinese People's Political Consultative Conference (CPPCC).

Present were the Finnish Prime Minister Esko Aho, Vice Prime Minister Pertti Salolainen, Foreign Minister Heikki Haavisto, Justice Minister Anneli Jaatteenvirta, Environment Minister Sirpa Pietikainen, Minister of Development and Cooperation Toimi Kankaanniemi and Commander-in-Chief of the Defense Forces Jan

Klenberg. More than 200 other leading statesmen and economists also attended the function.

The reception was held in a warm and friendly atmosphere. Li Ruihuan and the Finnish guests spoke highly of Sino-Finnish friendship, and the wish was expressed that Li's visit would be a complete success.

Beforehand, Li answered questions on China's economic reforms in interviews with TV Finland, Finnish Advertisement TV and "HELSINKI SANOMAT," the country's biggest-selling newspaper.

Li arrived here on Monday [2 May] at the invitation of the Finnish Government for the first official visit to Finland by a CPPCC leader.

Helsinki is the first leg of Li's five-nation European tour which will also take him to Sweden, Norway, Denmark and Belgium.

#### Anhui Governor Meets With British Ambassador

HK0105070194 Beijing ZHONGGUO XINWEN SHE  
in English 1558 GMT 29 Apr 94

[Text] Beijing, April 29 (CNS)—Governor of Anhui Mr. Fu Xishou met the British ambassador to China Sir Robin McLaren this afternoon and briefed him on economic development in the province.

Mr. Fu told the British ambassador that reform and opening to the outside world had brought great development to the province. Anhui has in recent years seen a greater economic and social development. The gross national product (GDP) achieved in the province grew by 17 percent in 1992. Economic exploitation in Anhui went ahead at a rapid pace in 1993 and the GDP rose by 22 percent over the year before, ranking the province one of the leading provinces in the country. He said that Anhui possessed the conditions for economic development despite its geographical location in the hinterland.

When asked by Sir Robin whether poverty still remained in the province, Mr. Fu frankly said that many rural areas within the province had seen their living standard improved but some remote mountain areas had not yet eliminated poverty and this involved a population of nearly three million. Mr. Fu added that various local governments were adopting measures to reverse the backwardness in these areas.

The governor asked for overseas investment for better exploitation in the province. He said that negotiations on 26 possible items for joint ventures was recently held with six of them officially confirmed involving an investment value of up to U.S.\$100 million.

**China, Portugal To Increase Scientific Cooperation**

*OW3004033694 Beijing XINHUA in English 0211  
GMT 30 Apr 94*

[Text] Lisbon, April 29 (XINHUA)—A Sino-Portuguese committee on science and technology met here today and signed an agreement to implement the cooperation accord reached between the two countries last year.

According to the summary of the meeting, China and Portugal will launch exchanges and cooperation on 20 projects in such fields as biological technology, material science, agriculture, and environmental protection.

During the meeting, each side briefed the other on the policy of their country regarding the development of science and technology and expressed a desire for further cooperation.

## Political &amp; Social

## Activist Xu Liangying Put Under House Arrest

HK0505013294 Hong Kong *SOUTH CHINA MORNING POST* in English 5 May 94 pp 1, 11

[By Geoffrey Crothall in Beijing and agencies]

[Excerpt] The Chinese Government marked yesterday's 75th anniversary of the May 4 Movement by placing one of the country's most prominent scientists and democracy activists under house arrest. Professor Xu Liangying, who for many people personifies the ideals of science and democracy first evoked during the 1919 May 4 Movement, said two police officers had been placed at the entrance to his apartment building yesterday morning, preventing him from leaving.

In Tiananmen Square, authorities hosted official functions to stop dissidents from holding pro-democracy activities at the scene of the June 4, 1989, massacre. In an early morning ceremony on the square's windy expanse, 10,000 youths, including middle school pupils, police cadets and workers, pledged allegiance to the party's Communist Youth League. They stood in formation behind leaders holding large red flags, and thrust their right fists into the air as they vowed to struggle for communism. Van-loads of plainclothes and uniformed police were posted on and around the square all day.

In a telephone interview yesterday, Professor Xu said: "It is very important that there be free and open discussion of science and democracy on this anniversary, but it is obvious they don't want me to talk about it." After being allowed a certain amount of freedom over the past few weeks, Professor Xu said it was ironic that the authorities should choose the 75th anniversary of a patriotic movement to restrict his movements once again. "They clearly still think it is a very sensitive date," he said.

The Government used the anniversary to urge the country's youth to uphold "the fine tradition of the May 4 Movement" and shoulder the "historic mission" to bring China into the 21st century. The official party newspaper, the People's Daily [RENMIN RIBAO], said the fundamental goal of that mission was to stress the study of paramount leader Deng Xiaoping's theories on developing socialism with Chinese characteristics and adherence to the party's basic line.

Professor Xu, however, found the connection between Deng Xiaoping's theories and the spirit of May 4 a little hard to swallow. "That's ridiculous," he said. "What has Deng got to do with May 4?" Students at Beijing University, one of the most active colleges during the May 4 Movement, were equally doubtful. "Everyone is entitled to their own opinion," an economics research student at the university said of the editorial. Reading Mr Deng's works was useful in understanding modern society and the economy, he said, but there was no need to study the patriarch's theories religiously.

This year's anniversary celebrations have been kept relatively low key by the authorities in order to prevent China's youth from getting too carried away with the spirit of the May 4 Movement. But most students at Beijing University were not in a particularly festive mood anyway. There was no way for students to enjoy anniversary activities not sanctioned by the school authorities even if they wanted to, another student said. Likewise, he said, it would be virtually impossible for students in Beijing to be able to mark the fifth anniversary of the June 4 massacre.

Despite being downplayed by the authorities, most students interviewed at Beijing University yesterday said the May 4 Movement was still of significance for today's younger generation. The spirit, idealism and patriotism of May 4 was still evident, it was just expressed in different ways, they said.

The ideals of "science and democracy" were still held by many students although the development of the legal system was equally important, the economics research student said. Most students, however, were more concerned with developing their own potential. [passage omitted]

## Commentator Warns of Worsening Rural Public Order

HK0405132794 Beijing *FAZHII RIBAO* in Chinese  
3 May 94 p 1

[Commentator's article: "Do a Good Job in the Comprehensive Management of Public Order To Achieve Long-Term Peace and Stability in the Rural Areas"]

[Text] The fundamental problems in our country's economic development and modernization are agriculture, rural areas, and the peasants. The 14th CPC National Congress and the Third Plenary Session of the 14th CPC Central Committee demanded the further deepening of rural reforms, accelerating rural economic development, and strengthening the role of agriculture as the economic foundation to ensure that it moves up to a new level by the end of this century. This is an arduous and urgent task confronting the entire party and people throughout the whole country.

To open a new dimension in rural reforms and development, it is necessary to have a stable and harmonious social environment in rural areas. Since the beginning of reform and opening up, guided by the party's rural policies, our country's rural economy has developed greatly and the living standards of peasants have risen considerably, with the majority of peasants living and working contentedly and happily. The pursuit of socialist spiritual civilization in rural areas has also scored great achievements. However, it should be seen that public order in our country's rural areas in recent years has not been satisfactory. The public order situation in rural areas is chaotic and this is not only affecting the normal life of the broad mass of peasants but is also impeding

efforts to further deepen rural reforms and increase the pace of developing the rural economy.

To stabilize the public order situation in rural areas, it is necessary to crack down on various crimes. In particular, felons, criminals with long criminal records, recidivists, and criminal gang leaders, local thugs and village brutes who terrorize localities must be resolutely punished according to law and, in this, there should be no mercy. Only thus can the arrogance of lawbreaking criminals be punctured, the righteous spirit overpower the evil spirit, and can the situation in rural areas whereby good people are brutalized by villains, be rectified.

To improve public order in rural areas, it is also necessary to double the efforts to pursue socialist spiritual civilization and to eradicate the influence of all kinds of corruption, feudalism, backwardness, and superstitious thinking in rural areas. To this end, it is necessary to change the situation in rural work whereby "one type of work is stressed at the expense of another." In pursuing rural economic construction well, we must pay great attention to guidance and education for the peasants, especially socialist ideological education and education in the legal system. We must adopt forms welcomed and accepted by the peasants which enrich peasants' cultural lives and allow advanced and healthy ideology and culture to take over the spiritual realm and cultural markets in the vast rural areas.

One proven method for the pursuit of a comprehensive management of public order in rural areas is to believe in and rely on the masses, fully motivate the broad peasant masses, and mobilize them into taking the initiative. Local rural areas must learn from the positive experiences of some localities which did a good job in public order, mobilize and organize the broad peasant masses, provide mass prevention and remedy by making use of peasants' own power, and direct the public order work down to villages, units, households, and individuals. This will improve the peasants' ability to protect themselves and their property and to guard against transgressions, lawbreaking, and criminal behavior, so that results reaped will be double the amount of effort made.

All comprehensive measures must depend on dynamic and resourceful organization for implementation. Therefore, it is necessary to boost grass-roots party and government organizations in rural areas to make them really capable of carrying out the arduous work demanded by various comprehensive measures. At present, village party branches and village committees in some rural areas are basically paralyzed. There are no authorities in villages, the masses are as disorganized as a pan of sand, and nobody is responsible for the comprehensive management of public order and other tasks and measures. Villages are powerless against local thugs and village brutes and the evil tendency grows unchecked. Party committees and governments at all levels must: Adopt resolute and powerful measures to rectify and strengthen grass-roots party and government organizations; transfer

capable, responsible, and courageous comrades to grass-roots organizations, and firmly expel those who are weak and cringe before bad people and bad things, or even conspire and collude with local thugs, so that grass-roots party and government organizations can become bastions with stronger muscles for work.

Party committees and governments at all levels have a great responsibility in stabilizing rural social order. They must unify thinking around reform, opening up, and economic construction and efforts must revolve around rural social stability. Party committees and governments at all levels, especially those in relatively economically backward areas, must try their best to develop the rural economy and work hard to raise the material well-being of the masses. Party and government officials of all ranks must overcome bureaucratism, venture deep into the grass roots, listen to the voices of the peasants, perform practical services for them, and solve practical problems. Leading party and government comrades at all levels must strictly enforce the responsibility system in the comprehensive management of public order, conscientiously organize the comprehensive management of public order in rural areas and tackle such work properly; vigorously support comprehensive rural management work in the areas of policy guidance, organizational establishment and improvement, staffing, and capital and equipment; and hold individual leaders accountable for failing to fulfil their assigned responsibilities in the comprehensive management of public order in rural areas.

The comprehensive management of public order in rural areas is an important task which allows only success and not failure. If the problem of rural public order is solved and social order is stable, rural reforms and economic construction can steadily deepen. If the rural economy is developed and the role of agriculture as the economic foundation is secure, the stability of the whole nation will be based on a solid foundation and the further deepening of reform and opening up will have a powerful safeguard. Otherwise, there will be chaos and turmoil in rural areas and the very root of the progress of our country's socialist modernization will be jeopardized. All party members and cadres, especially comrades with responsibility in rural areas and those with leadership and management duties in rural public order, must understand the importance of public order work in rural areas, implement all comprehensive management measures by the central authorities, and struggle actively for long-term peace and stability in rural areas!

#### **Qiao Shi Chairs NPC Standing Committee Session**

*OW0505113094 Beijing XINHUA Domestic Service in Chinese 0547 GMT 5 May 94*

[Text] Beijing, 5 May (XINHUA)—The seventh session of the National People's Congress [NPC] Standing Committee began at the Great Hall of the People this morning. The eight-day session will examine the drafts of 10 laws.

Chairman Qiao Shi presided over the session.

The session began with the 120 standing committee members present at the meeting approving the session's agenda put forward by the meeting of the standing committee's chairman and vice chairmen.

Xiang Chunyi, Cai Cheng, and Wang Shuwen, vice chairmen of the NPC Law Committee, respectively reported the results of their committee's examination of the drafts of the foreign trade law, the state compensation law, and the decision about censuring violations of the law of company and enterprise management. While presenting its views on revising these drafts, the Law Committee also proposed to the Standing Committee that these three laws be adopted.

Premier Li Peng submitted two proposals to the session, urging the NPC Standing Committee to examine the draft supplementary regulations to the Regulations on Punishing Public Offenses and the draft law for urban housing and real estate management. At the State Council's request, Minister of Public Security Tao Siju and Vice Minister of Construction Ye Rutang explained these two draft laws.

The State Council and the Central Military Commission [CMC], in the two proposals they submitted to the session today, requested the session to examine the draft amendment to the Chinese People's Liberation Army [PLA] Regulations Governing the Military Service of Officers in Active Duty, and the draft amendment to the Chinese PLA Regulations Governing Officers' Ranks. Yu Yongbo, CMC member and director of the PLA General Political Department, explained these two draft amendments.

The NPC Standing Committee Legislative Affairs Committee submitted its draft decision on censuring copyright infringements to the session for examination. At the request of the meeting of NPC Standing Committee chairman and vice chairmen, Gu Angran, chairman of the Legislative Affairs Committee, explained this draft decision to the standing committee.

The Supreme People's Court and the Supreme People's Procuratorate also submitted their draft laws governing judges and procurators to the session for deliberation. President Ren Jianxin and Procurator General Zhang Siqing explained these two draft laws at today's session.

#### Li Peng Ends Central Asia Tour, Returns to Beijing

OW0405033894 Beijing XINHUA in English 0312  
GMT 4 May 94

[Text] Beijing, May 4 (XINHUA)—Chinese Premier Li Peng returned here by train this morning after he wound up his official visits to Uzbekistan, Turkmenistan, Kazakhstan, the Republic of Kirghiz and the State of Mongolia and made an inspection tour of China's Inner Mongolia Autonomous Region.

He was greeted at the railway station by Chinese Vice-Premiers Zhu Rongji, Qian Qichen and Li Lanqing, vice-chairman of the National People's Congress Standing Committee Buhe, and State Councillor and Secretary-General of the State Council Luo Gan.

Zhu Rongji congratulated Premier Li on the success of his five-nation visit.

Li Peng's wife Zhu Lin and State Councillor and Minister in Charge of the State Nationalities Affairs Commission Ismail Amat who had accompanied Li on the visit arrived here by the same train.

Li's entourage including Qi Huaiyuan, director of the Foreign Affairs Office of the State Council, vice-ministers of foreign affairs Tang Jiaxuan and Dai Bingguo who had returned here earlier were also present at the railway station.

Diplomatic envoys of Kazakhstan, the Republic of Kirghiz and the State of Mongolia here were also present on the occasion.

#### Hu Jintao Returns After Latin America Tour

OW0305134194 Beijing XINHUA Domestic Service in Chinese 0806 GMT 3 May 94

[Beijing XINHUA Domestic Service in Chinese at 1220 GMT on 3 May transmits a service message canceling the following item]

[Text] Beijing, 3 May (XINHUA)—The CPC delegation headed by Hu Jintao, member of the CPC Central Committee Political Bureau Standing Committee and the CPC Central Committee Secretariat, returned to Beijing today after concluding its official and friendly visit to Argentina, Brazil, and Uruguay. Delegation members Li Zemin, member of the CPC Central Committee and secretary of the Zhejiang CPC Committee; and Li Shuzheng, alternate member of the CPC Central Committee and head of its International Liaison Department, returned on the same plane.

Greeting them at the airport were Ding Guangen, member of the CPC Central Committee Political Bureau and the CPC Central Committee Secretariat, and Tian Zengpei, vice minister of foreign affairs, as well as the ambassadors of Argentina, Brazil, and Uruguay to China.

During the visits to Argentina, Brazil and Uruguay, the CPC delegation members met with the three countries' presidents and the leaders of their governments and parliaments, had talks with the ruling parties of Argentina and Uruguay, and had meetings with leaders of key parties. They also visited factories and rural areas. The visits were a complete success.

**Further on Hu Jintao Return**

*OW0305135194 Beijing XINHUA in English 1236  
GMT 3 May 94*

[Text] Beijing, May 3 (XINHUA)—A delegation of the Communist Party of China (CPC) headed by Hu Jintao, member of the Standing Committee of the Political Bureau of the CPC Central Committee, arrived here today after winding up visits to Argentina, Brazil and Uruguay.

The delegation was invited by the Justicialist Party of Argentina, the Government of Brazil and the Blanco Party of Uruguay.

During the visit, Hu, also a member of the Secretariat of the CPC Central Committee, and his party, met respectively with presidents and leaders of parliaments of the three countries and held talks with the ruling parties of Argentina and Uruguay, as well as meeting with the leaders of other important parties.

Delegation sources said that the visits were successful.

The other members of the delegation, including Li Zemin, member of the CPC Central Committee and secretary of the CPC's Zhejiang Provincial Committee, and Li Shuzheng, head of the International Liaison Department of the CPC Central Committee, came back on the same plane.

Among those greeting the delegation at the airport were Ding Guangen, member of the Political Bureau of the CPC Central Committee, Tian Zengpei, deputy foreign minister, Hu Guangbao, deputy director of the General Office of the CPC Central Committee, Li Beihai, deputy head of the International Liaison Department of the CPC Central Committee, and diplomatic envoys of the three Latin American countries.

**Greeted by Ding Guangen on Arrival**

*OW0305140494 Beijing XINHUA Domestic Service in Chinese 1249 GMT 3 May 94*

[Text] Beijing, 3 May (XINHUA)—The CPC delegation headed by Hu Jintao, member of the CPC Central Committee Political Bureau Standing Committee and the CPC Central Committee Secretariat, returned to Beijing today after concluding its official and friendly visit to Argentina, Brazil, and Uruguay. Delegation members Li

Zemin, member of the CPC Central Committee and secretary of the Zhejiang CPC Committee; and Li Shuzheng, alternate member of the CPC Central Committee and head of its International Liaison Department, returned on the same plane.

Greeting them at the airport were Ding Guangen, member of the CPC Central Committee Political Bureau and the CPC Central Committee Secretariat; Tian Zengpei, vice minister of foreign affairs; Hu Guangbao, deputy director of the CPC Central Committee General

Office; and Li Beihai, deputy head of the CPC Central Committee International Liaison Department; as well as the ambassadors of Argentina, Brazil, and Uruguay to China.

During the visits to Argentina, Brazil, and Uruguay, CPC delegation members met with the three countries' presidents and the leaders of their governments and parliaments, had talks with the ruling parties of Argentina and Uruguay, and had meetings with leaders of other key parties. The visits were a complete success.

**Vice Premier Li Lanqing Inspects Zhuhai SEZ**

*HK0405143494 Beijing ZHONGGUO XINWEN SHE in English 1253 GMT 4 May 94*

[Text] Zhuhai, May 4 (CNS)—Chinese Vice Premier Li Lanqing made a two-day inspection tour of Zhuhai on April 30 and May 1 accompanied by the Vice Governor of Guangdong Province, Mr. Liu Weiming, and the Minister of Foreign Trade and Economic Cooperation, Ms. Wu Yi, as well as directors of other departments under the State Council. During the inspection, Mr. Li said that the special economic zones (SEZ) should maintain their special characteristics and get rid of old ideas and seek more ways for economic development so as to set an example for China's inland areas.

Mr. Li said that the SEZs should be clear about the distance between them and conventional international practice. The State Council planned to set up certain enterprises on a trial basis in the SEZs to spread their experience in the mainland and see how they can be run in line with conventional international practice.

He also said that some reform experiments may proceed first in such zones as Zhuhai. For example 24-hour customs service with Macao and large-scale bonded zones set up in Zhuhai should be considered.

Following his inspection of key projects in Zhuhai such as harbours, the airport and railways, Mr. Li said that Zhuhai had shown a fast speed of construction and he hoped for a better investment environment there to attract a high level of foreign capital.

**Discusses Foreign Trade During Tour**

*OW0405165194 Beijing XINHUA in English 1530  
GMT 4 May 94*

[Text] Guangzhou, May 4 (XINHUA)—Li Lanqing, vice-premier of the State Council, said here that the current situation of Chinese foreign trade is good, but the cost per-unit for earning foreign exchange is increasing too fast.

He stressed that it is necessary to strictly ban driving up prices to collect commodities for export and ban under-selling of goods.

He noted that the Ministry of Foreign Trade and Economic Cooperation has invited bidding for trading a

dozen commodities for export. This practice has produced good results and proved to be useful in bringing forced price rises of commodities collected for export and underselling under control. It is imperative to sum up these experiences and to popularize the practice as soon as possible, the vice-premier said.

He also stressed that effective measures should be taken to prevent the property of state-owned foreign trade enterprises from being drained off.

Vice-Premier Li made these remarks during his April 29-May 3 survey tour of south China's Guangdong Province.

During his stay in Guangdong, the vice-premier visited the 75th China Guangzhou Export Commodities Fair, Huangpu Customs, a free-trade zone, the new Zhuhai Airport and some state-owned enterprises. He made an all-round investigation into the implementation of some reform measures.

He said that in order to build the basic framework of a socialist market economic system, the Chinese Central Government has taken a series of reform measures in the systems of finance and taxation, banking, modern enterprises, investment, foreign trade and foreign exchange. Judging by the situation in the first four months of this year, all the measures have fared well. He urged leaders at all levels to pay close attention to the issue of revitalizing large and medium-sized state-owned enterprises. He also discussed ideas on revitalizing state-owned foreign trade enterprises with local officials and entrepreneurs.

On the development of special economic zones in the future, the vice-premier said that they should follow international conventions to further improve their environment for investment and lay the emphasis on attracting investment from large multinationals.

He stressed the necessity of constantly fighting against smuggling and the importance of running the free-trade zones well.

He also brought special attention to education, saying that universities should try to find an effective method for arousing the enthusiasm of all circles and strengthening domestic and international cooperation to raise educational levels and train personnel suited to the development of a socialist market economy.

#### Article Views Press, Publication Reforms

HK0505033494 Beijing RENMIN RIBAO in Chinese 7 Apr 94 p 5

[By Yu Youxian (0060 0645 0341): "Adhere to the Set Direction and Deepen Reforms To Achieve a Phased Change in Press and Publication Work"]

[Text] The press and publication industry is a key sector of spiritual production in our country. The press and publication sector plays the role of organizing spiritual

production, synthesizing it into products, directing the products into circulation, and making sure they achieve the proper social and economic effects through the market and exchange. One key trait of press and publication work is the close and inseparable integration of spiritual and material production and social and economic effects, the process itself being subject to the laws of spiritual, as well as material, production. This fundamentally determines that the development of press and publication corresponds with reforms in economic structures and stages of economic development, and that it is identical with the requirements and progress of socialist spiritual civilization. Development and changes in press and publication are inevitably tied with development and changes in the socialist cause as a whole.

#### 1. The Press and Publication Sector Faces Phased Changes.

Our country's press and publication sector has developed rapidly over the last 10 years or so, along with the progress of reform and opening up. Statistics compiled by UNESCO show that China's publication has leaped to the world's forefront in scale and variety. Unprecedented development in the press and publication sector has profoundly influenced the spiritual state of our country and played an important role in promoting reform and opening up and economic construction. At the same time, the press and publication sector, and especially publication, is facing significant changes after decades of rapid development. In terms of stages of development, the press and publication sector is moving from a stage distinguished by actual increases in total volume to that distinguished by high quality and efficiency. In terms of means of management, the press and publication sector is moving away from detailed administrative-style management to law-guided and macroscopic management. In terms of structural reforms, the press and publication sector is changing from traditional nonprofit-making management into industrial management on its way toward a modern corporate system. Changes in these three directions are all difficult and complicated processes moving at different paces and with different focuses, while being all interconnected and mutually constrained and interacting. At the center of these three changes is the shift of the press and publication sector away from gross growth in volume to high quality and efficiency.

Such a phased change is determined by the following two factors: First, the pursuit of the two civilizations is making higher demands on the press and publication sector, which cannot strengthen its power and intensity in serving the two civilizations without improving its quality and economic efficiency. Second, the press and publication industry would not be competitive enough to survive and develop if, now that they are facing the market, they did not improve quality and economic efficiency and rationalize their internal resources. This phased change in the press and publication sector, which has already happened and will continue in the future, has been basically in step with the entire reform and opening

up and with the change in economic construction from total volume growth to rising economic returns in our country. The development of the press and publication sector has its own peculiarity and complications and is not identical with similar situations experienced in economic construction. But it is true that the two are, on the whole, similar to the extent that both are moving away from total volume growth toward high quality and efficiency. Strategically speaking, this phased change is further adjusting and strengthening the power of the press and publication sector in preparation for greater breakthroughs to come. We must be clearly aware of and value this ongoing change in the press and publication sector, and create conditions to promote it. There are wide-ranging problems and possibilities in the press and publication sector, and there are many things requiring our energy and attention. Overall and from a macroscopic point of view, this is a strategically significant matter.

To achieve an even greater change from total volume growth to high quality and efficiency, the press and publication sector must, subjectively, make great effort and acquire the necessary objective conditions.

The objective conditions we currently possess are: First, the general background for such an important change is there. In their "Decisions on Certain Problems Concerning the Creation of a Socialist Market Economic System," the central authorities specifically brought up the problems of overall balance, structural optimization, and healthy development; and in particular the fact that rural economic development should be characterized by "structural adjustment and raising economic returns." An increasingly popular economic concept over the last two years has been the "awareness of the quality of the national economy." There has been some change in the tendency to pay too much attention to economic rates at the expense of economic quality, to habitually expand the external scale instead of tapping into internal resources, and to neglect quality efficiency. The people, party, and state are all demanding quality, and they have designated a year as "quality year" and organized events such as a "long distance walk for quality." All these indicate that the general background for the change in economic construction from total volume growth to high quality and efficiency is in place, providing an excellent opportunity for promoting phased changes in the press and publication sector. Second, there is a general appreciation of the importance and urgency of improving the quality and efficiency of the press and publication sector. Society is calling for improvement in quality and an effort to overcome ordinariness and shoddiness and sweep away junk culture. The press and publication sector has realized the seriousness of the problem and is working to solve it. One key Marxist viewpoint is that when there is a general awareness of a problem, there are already a popular forum and objective conditions for solving this problem. Third, some units and localities have made some fruitful explorations in moving toward and adapting to the market, forming their own methods

of operation and operating mechanisms, and have accumulated some experiences in raising quality and efficiency. Thanks to the effort of leading departments to champion the idea and the work of all the news workers and publishers, the change in the press and publication sector from total volume growth to high quality and efficiency is now underway. The only problem is that we have not explicitly characterized the change, much less declared and promoted it.

However, the conditions described above are far from enough to effect a greater scope of change in the press and publication sector from total volume growth to high quality and efficiency. We need to make a greater and varied effort. Here we need directional guidance, the assurance of law, and a deepening of reform to find a way out; we need to employ more party and state power and coordinate it with market forces to put in place a management system and operating mechanism capable of being adjusted to socialist economic development, meeting the demands of the pursuit of spiritual civilization, and in line with the law of development in the press and publication sector.

## 2. Adhere to the Set Direction, Guide the Change, and Serve the People and Socialism With Higher Quality and Efficiency.

There is a problem of direction as well a problem of ideological levels and cultural cultivation in trying to raise quality and efficiency.

On the problem of political direction, the major thing in the current stage of politics in our country is upholding Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as the guiding thought, enforcing and carrying out the party's basic line, and pursuing socialism with Chinese characteristics. The most fundamental and important missions for the press and publication sector are to provide spiritual force, intellectual support, ideological guarantees, and a good climate of public opinion for achieving the party's general task and objectives. Convictions must not be shaken, the political line must not be disrupted, and stability and unity must not be undermined. There are many widely different tasks in serving the people and socialism, but upholding a correct political direction serves the people and socialism best. Only by sticking to a correct political direction from beginning to end can we raise the quality and efficiency of press and publication work in a better manner. If things go wrong in the political sphere, the resulting damage will be far greater than can be calculated in terms of losses in quality and efficiency. This year has seen the unveiling of the greatest number of reformist measures and reforms of the greatest intensity. Press and publication work must remain united, stable, and energetic, and maintain the policy of positive propaganda in order to create a relaxed and harmonious environment for reform and opening up.

On the problem of ideological uprightness and integrity, since the socialist press and publication sector is entrusted with the important task of training and fostering a new generation of idealistic, moral, and cultured socialists, it must offer the most advanced, beautiful, and healthiest ideological and cultural fruits. The development of reform and opening up and a market economy has brought us opportunity and vitality, but overseas influence and greed have also exposed some people to epicureanism, the cult of money, and extreme individualism. To further promote reform and opening up and resist erosion toward an unhealthy climate, the press and publication sector should provide more and better spiritual products and a much stronger spiritual force goading people to carry on the struggle. The broad mass of news and publishing workers have contributed much in this respect. However, a small number of units and individuals have put out publications advocating money worship, epicureanism, and extreme individualism for the sake of money. The lesson was profound.

Regarding cultural cultivation, we link cultural cultivation with the problem of direction because without certain cultural cultivation, it is simply not possible to achieve either political or ideological orientation. The standards of published cultural products impact directly the attempt by the press and publication sector to raise its own status and dimension and improve the quality of our people. In this respect, it is extremely necessary to link standards of cultural cultivation with the problem of direction.

In sum, the problem of direction for the press and publication sector is not a simple political slogan, but a synthesis of politics, ideology, integrity, and cultivation. And solving the problem of direction relies not only on the stance taken and becoming aware of it; an ability to combine different qualities and operations is needed. Solving the problem of direction requires us to handle well the relations between economic effects and social effects, between the main theme and its variations, between Marxist guidance and the absorption of as much of mankind's advanced ideological achievements as possible, and inheriting and developing the positive cultural elements in the national tradition, and between handling high-plane and sophisticated elitist things and popularization. Only when political direction, ideological orientation, and cultural cultivation are all upheld in dealing with all the above relations can we say the direction has genuinely been upheld.

### 3. Manage According to Law, Protect the Change, and Create an Environment of Fair Competition and Healthy Order for Achieving High Quality and Efficiency

The effort to achieve phased changes in the press and publication sector under a new historical condition depends to a very large extent on a strengthened legal system and a law-guided management system. Through law-guided management, the protection of healthy forces, and curbing and cracking down on illegal

behavior, conditions will be created for fair competition leading to the survival of the fittest, which will in turn create a healthy and orderly environment in which the press and publication sector can develop in a high-quality and efficient manner. Through law-guided management, concerned departments will be gradually relieved of microscopic management to concentrate on macromanagement.

In a certain sense, a market economy is a law-guided economy. Under a planned economy, management on the press and publication sector is realized through direct management by leading party and government departments. As the socialist market economy unfolds, press and publication will evolve into common social activities, with the value of law facilitating or constraining ever more greatly their development, rendering pure party discipline and specific administrative-style management increasingly inadequate. Under a market economy, law-guided management will play an increasingly larger role.

While there has been significant progress over these last few years in national and local legislation for press and publication, work in this area remains lagging far behind the real situation. This is because we do not have much experience to start with, and on the other hand, we need practice in legislation. From practice we can identify and shape our legislation work. We cannot impose in advance a legal framework on a developing and changing reality. At any rate, legislation lagging behind the objective reality has created much trouble and difficulty for us. The situation in the press and publication sector has showed time and time again the lack of law enforcement, a situation awaiting urgent rectification.

#### 4. Deepen Reforms, Speed Up the Change, Move Closer To Creating an Operating Mechanism of High Quality and Efficiency.

The main thrust of reforms in the press and publication sector over the last decade or so has been removing the sector from the dictates of the planned economy in advancing toward a socialist market economic system. Reforms in press and publication have unfolded along with the gestation, formation, and development of a socialist market economic system. In switching from the old to a new system, press and publication work will run into many new situations, problems, and contradictions.

(1) Change further the operating mechanisms of publication units; nonprofitmaking units will be managed as an enterprise, moreover such enterprise-style management will be given a greater role later; operating mechanisms suited to the development of the socialist market economic system will be created in order to increase the adaptability, competitiveness, the self-development ability, and scientific management of the publication sector in a market economy. This is an important task for the publication sector in deepening reforms.

Reforms in the publication sector must slowly put in place a corporate publication system. Units in need of

state subsidies will be run as nonprofitmaking units, while the majority will be managed as enterprises, but both will need a corporate system, in which their responsibility will be strictly defined so that they will have powers as well as official duties; and discipline and law breakers will be severely punished and observers of law and duties vigorously supported.

The switch of operating mechanisms in the publication sector should start with personnel, labor, and distribution as the points of breakthrough ushering in other reformist measures. Through reform in these three systems, an incentive mechanism will be formed in the publication sector prodding workers to explore and create. The establishment of press and publication groups is another exploration by some provinces and cities in press and publication reforms. Such groups help consolidate and expand the scale of production, concentrate all the energy on big projects, and go into market competition as a group. As such they will strengthen management and guide opinion. The experiment in such groups should take account of practical situations, work on the basis of voluntary participation by press and publication units and the management-ownership relationship, which will be one of mutual interests instead of administrative subordination. As conditions in localities vary, there cannot be uniformity. But as reforms in the press and publication sector deepen, there will emerge a number of various press and publication groups based on a management-ownership relation playing a greater role in promoting production structural adjustment and raising efficiency and quality.

(2) On fostering and developing the book market system: At present, a great many contradictions in the publication sector are found in the distribution area, so reforms in the distribution system are the key to deepening publication reforms. Right now the most important thing is to enliven further distribution and create a market environment with fair competition so as to form a unified, open, orderly, and competitive national book market.

The focus of reforms in the distribution system is on enlivening the operating mechanisms of XINHUA Bookstores. XINHUA Bookstores are the main channels of book distribution in our country and have made significant contributions over the last several decades. However, as reform and opening up deepened and the socialist market economic system developed, XINHUA Bookstores began to run into difficulties and face new problems, which they need to solve urgently through deepening reforms. Reforms in XINHUA Bookstores must proceed in three directions. One, the distribution agent experiment should be pursued to enliven the wholesale area and widen wholesale channels so that the main channels can play a real role in book circulation. Two, reforms are needed in the forms of purchases and sales, which allow different types of sales agents such as distributors, sales on consignment, and sales agents. Three, we should promote reforms in the management-ownership system of XINHUA Bookstores in order to

enliven their operating mechanisms. Experiments in contracting, franchising, the joint-stock system, and non-governmental management of government-owned units conducted by localities in recent years are all good pursuits to enliven grass-roots bookstores. We should actively promote cross-regional wholesale book markets and pay great attention to establishing wholesale markets in underdeveloped regions. At the same time, we must vigorously develop book sales networks. The distribution of newspapers and magazines, while supporting and perfecting this above-described main channel, should be allowed to pursue alternative channels of distribution. Management and guidance on individual-run distribution must be strengthened with the purpose of encouraging these individuals to maintain self-discipline through industrial associations and urging them to play an active role in enlivening book markets.

(3) Strengthen and improve macromanagement. Strengthening and improving the macromanagement on press and publication administrations is an important issue in press and publication reforms. Under the new situation, press and publication administrations urgently need to change their management functions so that they may be relieved from busy and minor administrative affairs to concentrate their energy on macroregulation and control, and study intensively to deal with the new situation and solve new problems cropping up in the transition from the old to a new system. That way they can take new steps in theory, policies, rules and regulations, and systems, and ensure that press and publication reform progresses smoothly from the stage of total volume growth to that of high quality and efficiency. Strengthening theoretical study and exploring the law of development in the press and publication sector are an important link in the pursuit of strengthening management. With such important spiritual production as the press and publication sector and the complicated situation in the press and publication sector brought about by economic change, it will be very difficult to work without theoretical guidance, an strategic insight into the overall situation, and an ability to keep the overall situation under control. However, it is precisely in these aspects that we lack theoretical preparation. The absence of theoretical study in the management of the press and publication sector and its development, especially the law of development in the publication sector, and in the "opportunities" and "problems" brought to the press and publication sector by "development" and "reforms," has in fact affected and impeded our work. We must pay greater attention to investigations, studies, and theoretical work in order to improve our ability to analyze the situation and solve problems. We must step up investigations and studies on practical problems related to press and publication reforms. This can be done by making explorations and experiments under the guidance of theory, and continuously abstracting and elevating what we gained in exploration and practice to a theoretical level. The focus for macroregulation and control over press and publication work is coming to grips with: Orientation, total volume, structure, and

economic returns. Under longstanding administrative management we have accumulated a lot of experience, but it will not be nearly enough under a socialist market economy. We need to learn to use economic and legal means and public opinion, especially legal means, in management in our effort to open a new dimension in macromanagement.

(4) Rely on scientific and technological progress in promoting the development of the press and publication sector. As an key component in information industry, the press and publication sector must make a great effort to modernize the means of publication and business management. It must conduct technological transformation, speed up editing, type-setting, printing, and binding, and modernize management in order to raise the status of its products, labor productivity, management levels, quality, and economic returns. There should be different priorities in technological transformation. Emphasis must be placed on starting at high technological levels, and there must be determined efforts at combining technological development, imports, and transformation, with special emphasis on electronic technology, in order to solve key technological problems in the development of the press and publication sector.

#### 5. Promote Prosperity, Realize the Change, and Provide Society With Rich, Varied, High-Quality, and High-Class Spiritual Products

The effort to achieve the change from total volume growth to high quality and efficiency in the press and publication sector is ultimately aimed at prosperity, which is chiefly marked by a rough equilibrium between total supply by the press and publication sector and total demand by the people and social development, and an overall rationalized book and magazine structure. Prosperity means more than growth in volume; it requires also quality on a certain scale and at a certain level of volume.

In promoting prosperity, we must focus on construction. Both administrative departments and news units must take construction as the point of departure and the basis. This is a long-term and arduous mission and must be pursued systematically. A long-term and general plan and a practical current work program are both needed, and we will pursue both of them in a down-to-earth fashion. Guiding thought on specific operations must be clear, with focuses highlighted and work objectives clearly defined, and there must be strong operability and clear effect forecasts. The Press the Publication Administration is implementing the Eighth Five-Year Plan and will begin drafting the Ninth Five-Year Plan. They are great events for spiritual production in our country and require all the nation's energy; not only that from the press and publication sector, but from the entire editors' and writers' force, or even the whole array of spiritual production.

The working force remains the core problem in promoting prosperity. The key to prosperity and progress

toward high quality and efficiency for the press and publication sector lies in its working force. The sector has its special requirements on its working force. They must all have special academic training and, moreover, integrity and a sophisticated state of mind. They must have the capability to work on spiritual production and to organize spiritual production, appreciate the fruits of domestic and foreign civilizations, and understand domestic and overseas markets. The key to building up a working force lies in the establishment of leadership groups, and one important problem in establishing leadership groups is clean government. On this we must work strictly according to relevant central decrees.

The press and publication sector is an important sector in our country's spiritual civilization. Central leading comrades repeatedly stressed that work in this sector can only become increasingly important and play an increasingly greater role, and the sector can only be strengthened, not weakened. Given the situation, it is all the more necessary for us to heighten our sense of responsibility and mission and work cautiously and in a down-to-earth manner. We are at a historical juncture between the planned economy and socialist market economic system reforms, and our news and publishing workers are at an important link of spiritual civilization; they are at center stage now. Faced with the phased change from the stage distinguished by total volume growth to that by high quality and efficiency in the press and publication sector, we feel, on the one hand, hard pressed, and on the other hand, proud. We must treasure this historic opportunity, value the trust and expectations of party and people, emancipate our minds, seek truth from facts, do our best, and pursue creative work, and with it bring a new stage of development to the press and publication sector.

#### Economic & Agriculture

##### XINHUA Carries PRC Budget Law Adopted 22 Mar OW0405122994 Beijing XINHUA Domestic Service in Chinese 2116 GMT 24 Mar 94

[Text] Beijing, 25 Mar (XINHUA)—The Budget Law of the People's Republic of China—adopted at the Second Session of the Eighth National People's Congress [NPC] on 22 March 1994:

##### Chapter I. General Principles

Article 1. This law is drawn up in accordance with the Constitution to strengthen the budget's distributional and supervisory functions, improve the state's budgetary control, strengthen macroeconomic regulation and control by the state, and safeguard the healthy development of the economy and society.

Article 2. The state implements the system of separate budgeting by governments at five different levels; namely, the central authorities; provinces, autonomous regions, and municipalities; cities divided into districts

and autonomous prefectures; counties, autonomous counties, cities not divided into districts, and municipal districts; as well as townships, nationality townships, and towns.

Townships, nationality townships, and towns without the necessary conditions for establishing a budget may be exempted from establishing a budget after being determined as such by the provincial, autonomous regional, or municipal government concerned.

**Article 3.** There should be a balance between revenue and expenditure in budgets at all levels.

**Article 4.** The central government budget (hereinafter abbreviated as central budget) shall consist of the budgets of various central departments (including units under their direct jurisdiction, same below).

The central budget shall include the amount of revenues turned in to the central authorities by the localities and the finances the central authorities return to or subsidize the localities.

**Article 5.** The local budget shall consist of the general budgets of all provinces, autonomous regions, and municipalities.

The general budget at a local level shall consist of the government budget of that level (hereinafter abbreviated as immediate-level budget) and all-inclusive general budgets of the lower level. "General budgets of the lower level" shall mean the immediate-level budgets of the lower level where there are only immediate-level budgets at the lower level. Where there is no budget at a lower level, general budget shall mean the immediate-level budget.

Local government budgets at all levels shall consist of the budgets of various departments at the immediate level (including units under their direct jurisdiction, same below).

Local government budgets at all levels shall include the amount of revenues turned in to the superior government by the subordinate government, as well as the finances the superior government returns to or subsidizes the subordinate government.

**Article 6.** A departmental budget shall consist of the budgets of various units under that department's jurisdiction.

**Article 7.** A unit budget refers to the revenue and expenditure budget of any state organs, social organizations, and other units that is included in the departmental budget.

**Article 8.** The state implements a system of revenue sharing between the central and local authorities.

**Article 9.** A budget approved by the people's congress at the immediate level shall not be altered without going through statutory procedures.

**Article 10.** The budgetary year shall begin on 1 January and end on 31 December on the Gregorian calendar.

**Article 11.** The renminbi yuan shall be the unit for computing budgeted revenue and expenditure.

## **Chapter II. Budgetary-Control Functions and Powers**

**Article 12.** The NPC shall examine drafts of the central budget and the local budget as well as reports on the execution of the central budget and the local budget, shall approve the central budget and the report on the execution of the central budget, and shall alter or nullify any improper resolutions of the NPC Standing Committee on the budgets or final accounts.

The NPC Standing Committee shall supervise the execution of the central budget and the local budget; examine and approve plans for readjusting the central budget; examine and approve the central final accounts; nullify any administrative rules and regulations, decisions, or decrees made by the State Council on the budgets or final accounts that contravene the Constitution or the law; nullify any local rules, regulations, and resolutions adopted by provincial, autonomous regional, and municipal people's congresses or their Standing Committees on budgets and final accounts that contravene the Constitution, the law, or administrative rules and regulations.

**Article 13.** Local people's congresses at or above the county level shall examine draft general budgets at corresponding levels and reports on budget implementation; approve budgets at corresponding levels and reports on budget implementation; modify or revoke improper resolutions made by their standing committees on budgets and final accounts; and revoke improper decisions and decrees on budgets and final accounts made by governments at corresponding levels.

The standing committees of local people's congresses at or above the county level shall oversee the implementation of general budgets at corresponding levels; examine and approve plans for revising budgets at corresponding levels; examine and approve final government accounts at corresponding levels (hereinafter referred to as final accounts at corresponding levels); and revoke improper decisions, decrees, and resolutions on budgets and final accounts made by governments at corresponding levels and by people's congresses and their standing committees at lower levels.

The people's congresses of townships, nationality townships, and towns that draw up their own budgets shall examine and approve budgets at corresponding levels and reports on budget implementation; oversee the implementation of budgets at corresponding levels; examine and approve plans for revising budgets at corresponding levels; examine and approve budgets at corresponding levels; and revoke improper decisions and decrees on budgets and final accounts made by governments at corresponding levels.

**Article 14.** The State Council shall draft central budgets and final accounts; submit reports to the NPC on draft central and local budgets; consolidate and forward the budgets submitted for filing purposes by provincial, autonomous regional, and municipal governments to the NPC Standing Committee for the record; arrange for the implementation of central and local budgets; determine the use of central budgetary reserve funds; make plans for revising central budgets; oversee budget implementation by various central departments and by local governments; modify or revoke improper decisions and decrees on budgets and final accounts made by various central departments and local governments; and submit reports to the NPC and its Standing Committee on the implementation of central and local budgets.

**Article 15.** Local governments at or above the county level shall draw up draft budgets and final accounts at corresponding levels; submit reports on draft general budgets at corresponding levels to people's congresses at those same levels; consolidate and forward the budgets submitted by governments at lower levels for filing purposes to people's congress standing committees at corresponding levels for the record; determine the use of budgetary reserve funds at corresponding levels; make plans for revising budgets at corresponding levels; oversee budget implementation by various departments at corresponding levels and by governments at lower levels; modify or revoke improper decisions and decrees on budgets and final accounts made by various departments at corresponding levels and by governments at lower levels; and submit reports to people's congresses at corresponding levels and to their standing committees on the implementation of general budgets at corresponding levels.

Township, nationality township, and town governments shall draft budgets and final accounts at corresponding levels; submit reports on draft budgets at corresponding levels to people's congresses at those same levels; arrange for the implementation of budgets at corresponding levels; determine the use of budgetary reserve funds at corresponding levels; make plans for revising budgets at corresponding levels; and submit reports to people's congresses at corresponding levels on the implementation of budgets at those same levels.

**Article 16.** Financial departments under the State Council shall draw up concrete drafts of central budgets and final accounts; make specific arrangements for the implementation of central and local budgets; put forward plans for using central budgetary reserve funds; make specific plans for revising central budgets; and submit regular reports to the State Council on the implementation of central and local budgets.

The financial departments of local governments at all levels shall draw up concrete draft budgets and final accounts at corresponding levels; make specific arrangements for the implementation of general budgets at

corresponding levels; put forward plans for using budgetary reserve funds at corresponding levels; make specific plans for revising budgets at corresponding levels; and submit regular reports to the financial departments of governments at or above corresponding levels on the implementation of general budgets at those same levels.

**Article 17.** Various departments shall draft their own budgets and final accounts; arrange for and oversee the implementation of their budgets; and submit regular reports on budget implementation to the financial departments of governments at corresponding levels.

**Article 18.** Various units shall draft their own budgets and final accounts; deliver budgetary revenue to the state and arrange for budgetary expenditure in accordance with relevant state provisions; and accept supervision by relevant state departments.

### Chapter III. Division of Boundaries of Budgetary Revenue and Expenditure

**Article 19.** Budget comprises budgetary revenue and budgetary expenditure.

Budgetary revenue includes:

- (1) Tax income;
- (2) Income from state-owned property that should be delivered to the state treasury according to provisions;
- (3) Special income; and
- (4) Other types of income.

Budgetary expenditure includes:

- (1) Expenditure for economic construction;
- (2) Expenses for the development of education, science, culture, health work, sports, and other undertakings;
- (3) State administrative expenses;
- (4) National defense expenses;
- (5) Subsidy expenses; and
- (6) Other types of expenditures.

**Article 20.** Budgetary income consists of central budgetary income and local budgetary income, and budgetary income shared by the central and local authorities;

Budgetary expenditure consists of central budgetary expenditure and local budgetary expenditure.

**Article 21.** The State Council shall draw up specific measures governing the division of central and local budgetary revenues, the delivery of revenues by local authorities to the central authorities, and the returning of payments by the central fiscal authority to local authorities. The measures shall be reported to the Standing Committee of the National People's Congress for the record.

**Article 22.** Budgetary revenues shall be used in accordance with an overall plan; when it is necessary to establish funds for specific use, approval must be obtained from the State Council.

**Article 23.** The government of a higher level is not permitted to transfer the budgetary funds of a lower-level

government for extra-budgetary use. A government of a lower level is not allowed to use or retain the budgetary funds of a government of a higher level.

#### Chapter IV. The Compilation of Budget

Article 24. Governments, departments, and units at all levels shall compile their draft budgets within the time limit set by the State Council.

Article 25. Budgets of the central government and local governments shall be compiled by referring to the implementation of budgets of the previous year and to the forecasts on revenues and expenditures of the current year.

Article 26. Budgets of the central government and local governments shall be compiled in accordance with the dual-budget system.

Procedures for compiling and implementing dual budgets shall be stipulated by the State Council.

Article 27. No deficits shall be listed in the central government's budget for public projects.

The portion of the central government's budget that must be used as construction investment may be raised through domestic and international borrowing. However, the borrowing shall be contracted in a rational scale and structure.

The portion from the central government's budget that must be used to service debts shall be raised in accordance with the preceding paragraph.

Article 28. Local governments at all levels shall draft their own budgets in accordance with the principle of keeping expenditures within the limits of revenues and maintaining a balance between the two; no deficits shall be listed in local governments' budgets.

Unless otherwise stipulated by the laws and the State Council, local governments are not permitted to issue local government bonds.

Article 29. The budgetary income to be drafted by governments at all levels should correspond to the growth rate of national gross output.

Governments at all levels must not conceal the revenues that are required by regulations to be included in budget or have their amount reduced; the previous year's irregular revenues must not be used as a basis for drafting the current year's budgetary income, either.

Article 30. When governments at all levels draft their own budgetary expenditures, they should implement the principle of vigorously practicing frugality and building up the country through thrift and hard work; take all factors into consideration and make overall plans; ensure the implementation of key projects; and make proper arrangement for various other budgetary expenditures under the prerequisite that the reasonable needs of government expenditures for public utilities are met.

Article 31. Necessary funds shall be appropriated from the central government's budget and relevant local governments' budgets for helping economically underdeveloped autonomous regions inhabited by minority nationalities, old revolutionary base areas, remote border areas, and impoverished areas to promote economic, educational, and cultural development.

Article 32. Governments at all levels should appropriate 1 to 3 percent of the total amount of their respective budgetary expenditures as reserve funds to cover the expenses for natural disaster relief and for other contingencies during the implementation of the current year's budget.

Article 33. Governments at all levels should set up a budgetary circulating fund in accordance with the State Council's provisions.

Article 34. The surplus that governments at all levels have from the previous year's budgets may be used as the following year's expenses for items carried forward from the previous year; if there is any more surplus, it may be used to supplement the budgetary circulating fund; if there is any more amount remaining after the aforesaid two uses, it may be used as the necessary budgetary expenditures in the following year.

Article 35. The State Council should issue in a timely manner instructions on drafting budgets for the next year.

The specific matters concerning the drafting of budgets shall be planned by the State Council's financial department.

Article 36. The provincial, autonomous regional, and municipal governments should submit their respective draft budgets to the State Council for examination, approval, and consolidation at a time prescribed by the State Council.

Article 37. The State Council's financial department should submit the main contents of the Central Government's draft budget to the Financial and Economic Committee of the NPC for preliminary examination one month before NPC session opens every year.

The financial departments of provincial, autonomous regional, and municipal governments and governments of cities with administrative districts and autonomous prefectures should submit the main contents of their respective draft budgets to the relevant special committees of the people's congresses at their respective levels or to the relevant working committees of the people's congress standing committees at their respective levels in accordance with the decision of the chairmanship meeting of the people's congress standing committees at their respective levels for preliminary examination one month before the sessions of the people's congresses at their respective levels open.

The financial departments of the governments of counties, autonomous counties, cities without administrative

districts, and districts under the jurisdiction of cities should submit the main contents of their respective draft budgets to the people's congress standing committees at their respective level for preliminary examination one month before the sessions of the people's congresses at their respective levels open.

#### Chapter V. Budget Examination and Approval

Article 38. During an NPC session, the State Council shall deliver a report on draft budgets for the Central Government and local governments to the session.

During the sessions of local people's congresses at all levels, local governments at the respective levels shall deliver reports on their respective draft budgets to the sessions.

Article 39. Central budgets shall be examined and approved by the NPC.

The budgets of local governments at all levels shall be examined and approved by people's congresses at corresponding levels.

Article 40. Township, nationality township, and town governments shall promptly submit their budgets, which have been approved by people's congresses at corresponding levels, to higher-level governments for filing purposes. Local governments at or above the county level shall promptly consolidate and submit to higher-level governments for filing purposes their budgets and the budgets of lower-level governments which have been approved by people's congresses at their levels.

After consolidating the budgets submitted by lower-level governments for filing purposes in accordance with the provisions in the preceding paragraph, local governments at or above the county level shall submit them to people's congress standing committees at corresponding levels. After consolidating the budgets submitted for filing purposes by provincial, autonomous regional, and municipal governments in accordance with the provisions in the preceding paragraph, the State Council shall submit them to the NPC Standing Committee for filing purposes.

Article 41. Where the State Council and local governments at or above the county level deem it necessary to revoke their resolutions approving the budgets submitted for filing purposes by lower-level governments in accordance with Article 40 of this law because they find the budgets in contravention of other laws and administrative rules or otherwise inappropriate, they shall submit the budgets to people's congress standing committees at corresponding levels for deliberation and shall defer to the latter's decisions.

Article 42. After the budgets of governments at all levels are approved by people's congresses at corresponding levels, the financial departments of those governments

shall promptly send official messages regarding the budgets to various departments at corresponding levels, which, in turn, shall promptly send similar messages to their subordinate units.

#### Chapter VI. Budget Implementation

Article 43. Governments at all levels shall arrange for the implementation of budgets at corresponding levels, putting their financial departments in charge of specific work.

Article 44. Before their draft budgets are approved by people's congresses at corresponding levels after the budget year commences, governments at all levels may budget expenditure in light of the budgetary expenditure of the corresponding period in the previous year; after the budgets are approved by people's congresses at corresponding levels, they shall implement the approved budgets.

Article 45. Departments in charge of collecting budgetary revenue must promptly collect in full budgetary revenue that should be collected in accordance with laws and administrative rules. They may not reduce the amount of budgetary revenue that should be collected, refrain from collecting such revenue, or collect such revenue on a delayed basis without authorization in violation of laws and administrative rules; nor shall they retain, appropriate, or divert to other purposes budgetary revenue.

Article 46. Departments and units obligated to deliver budgetary revenue to the state must promptly turn over the full amount of budgetary funds that should be delivered to state coffers (hereinafter referred to as the treasury for short) in accordance with laws and administrative rules and with the provisions of the financial authorities under the State Council; they may not retain, appropriate, divert to other purposes, or delay the delivery of such funds.

Article 47. The financial departments of governments at all levels must expeditiously allocate the full amount of funds for budgetary expenditure, and strengthen management and supervision over budgetary expenditure, in accordance with laws and administrative rules and with the provisions of the financial authorities under the State Council.

The expenses of governments at all levels and various departments and units must be disbursed in accordance with their budgets.

Article 48. Treasuries must be established to manage budgets at or above the county level; qualified townships, nationality townships, and towns shall also establish treasuries.

The People's Bank of China shall manage the central treasury's business, whereas local treasuries' business shall be managed pursuant to relevant State Council provisions.

Treasuries at all levels must expeditiously and accurately handle the receipt, delivery, division, retention, and distribution of budgetary revenue, as well as the allocation of funds for budgetary expenditure, in accordance with relevant state provisions.

The right to dispose of funds in treasuries at all levels is vested in the financial departments of governments at corresponding levels. Unless otherwise provided for in laws and administrative rules, no departments, units, or individuals may draw on such funds or otherwise dispose of funds that have been deposited in treasuries, without the consent of the financial departments of governments at corresponding levels.

Governments at all levels shall strengthen management and supervision over treasuries at corresponding levels.

**Article 49.** Governments at all levels shall strengthen leadership over budget implementation. They shall support government departments in charge of collecting budgetary revenue, such as financial, taxation, and customs departments, in acquiring budgetary revenue in accordance with the law, as well as government financial departments in strictly administering budgetary expenditure.

In the course of budget implementation, financial, taxation, and customs departments shall step up efforts to analyze budget implementation; they shall promptly suggest measures to governments at corresponding levels for solving problems that they have uncovered.

**Article 50.** All departments and units shall strengthen management over budgetary revenue and expenditure; they may not retain or draw on budgetary revenue that should be delivered to the state, nor shall they defray funds that should not be disbursed from the budget as budgetary expenditure.

**Article 51.** The financial departments of governments at all levels shall propose plans for using budgetary reserve funds, which are to be decided on by governments at relevant levels.

**Article 52.** The financial departments of governments at all levels shall manage the budget circulating funds of their governments. Circulating funds for use in budget implementation may not be diverted to other uses.

## Chapter VII. Budget Revision

**Article 53.** Budget revision means the introduction of partial changes to increase the total expenditure so that it exceeds the total revenue in the previously approved budget where revenue and expenditure are balanced, or to increase the amount of debt to be raised under the previously approved budget, when extraordinary circumstances in implementing the NPC-approved central budget or budgets approved by local people's congresses at all levels dictate additional expenditure or reduced revenue.

**Article 54.** Governments at all levels must draw up budget revision plans when they find it imperative to revise their budgets. Plans for revising the central budget must be submitted to the NPC Standing Committee for examination and approval, those for revising the budgets of local governments at or above the county level must be submitted to people's congress standing committees at corresponding levels for examination and approval, and those for revising the budgets of township, nationality township, and town governments must be submitted to people's congresses at corresponding levels for examination and approval. No budgets may be revised without approval.

**Article 55.** Without approval for revising their budgets, governments at all levels may not decide to increase the total expenditure so that it surpasses the total revenue in the previously approved budget where revenue and expenditure are balanced, or to increase the amount of debt to be raised under the previously approved budget.

The people's congresses at the respective levels, their standing committees, or the governments at the higher levels should instruct relevant governments to alter or annul the decisions that violate the aforementioned article.

**Article 55.** The changes to budgetary revenues and expenditures caused by money refunded or subsidized by governments at the higher levels should not be treated as adjustments to budgets. Local governments at and above the county level that accept money refunded or subsidized by governments at the higher levels should brief the standing committees of the people's congresses at their respective levels on the relevant situation; the governments of townships, townships inhabited by minority ~~nationalities~~, and towns that accept money refunded or subsidized by governments at the higher levels should brief the people's congresses at their respective levels on the relevant situation.

**Article 57.** All departments and units should implement budgetary expenditures in accordance with the headings in their budgets. In case the budgeted funds need to be transferred from one heading to another, all departments and units must submit such transfer to the higher authorities for approval in accordance with the provisions of the State Council's financial department.

**Article 58.** After the plans of local governments at all levels for budget adjustments are approved, they must be reported to the governments at the higher levels for the record.

## Chapter VIII. Final Accounts

**Article 59.** Draft final accounts shall be prepared by governments, departments, and units at all levels at a time prescribed by the State Council after every budget year comes to an end.

Specific matters concerning the drafting of final accounts shall be planned by the State Council's financial department.

**Article 60.** Draft final accounts must be prepared in accordance with the laws, as well as administrative decrees and regulations. The figures of revenues and expenditures contained in draft final accounts must be accurate; their contents must be complete; and final accounts must be submitted in a timely manner to the higher authorities.

**Article 61.** All departments must examine and verify the draft final accounts submitted by all units under their jurisdiction, incorporate them into their own draft final accounts, and submit them to the financial departments of governments at their respective levels for examination and approval within a prescribed time limit.

The financial departments of governments at all levels have the authority to make corrections in case they find discrepancies between the draft final accounts submitted by various departments at their respective levels and the laws, administrative decrees, and regulations during examination and verification.

**Article 62.** After the State Council has approved the draft final accounts prepared by its financial department for the central Government and submitted to it for examination, it shall submit the draft final accounts to the NPC Standing Committee for examination and approval.

After local governments at and above the county level have approved the draft final accounts prepared by financial departments at their respective levels and submitted to them for examination, they shall submit such draft final accounts to the standing committees of the people's congresses at their respective levels for examination and approval.

Governments of townships, townships inhabited by minority nationalities, and towns shall prepare their respective draft final accounts and submit them to the people's congresses at their respective levels for examination and approval.

**Article 63.** After the final accounts submitted by governments at all levels are approved, their financial departments should send an official, written notice on the final accounts to various other departments at their respective levels.

**Article 64.** Local governments at all levels should report their approved final accounts to governments at the higher levels for the record.

**Article 65.** In case the State Council and local governments at and above the county level believe that there are discrepancies between the final accounts reported by governments at the lower levels for the record in accordance with Article 64 of this law and other laws, administrative decrees, and regulations, and that the resolutions approving such final accounts must be annulled,

they should submit proposals to the standing committees of the people's congresses at their respective levels for examination and for decisions; and, in case decisions are made on their annulment after examination, the standing committees of the people's congresses at the lower levels should instruct the governments at their respective levels to prepare draft final accounts and to submit them to the standing committees of the people's congresses at their respective levels for examination and approval in accordance with this law and its regulations once again.

#### Chapter IX. Supervision

**Article 66.** The NPC and its Standing Committee shall supervise budgets and final accounts of the central Government and local governments.

Local people's congresses at and above the county level and their standing committees shall supervise budgets and final accounts of the governments at and below their respective levels.

The people's congresses of townships, townships inhabited by minority nationalities, and towns shall supervise budgets and final accounts of the governments at their respective levels.

**Article 67.** People's congresses at all levels and people's congress standing committees at or above the county level have the right to investigate major incidents or specific problems pertaining to budgets or final accounts. Relevant governments, departments, units, and individuals shall report things accurately and provide material as necessary.

**Article 68.** When people's congresses at all levels and people's congress standing committees at or above the county level are in session, people's congress deputies or people's congress standing committee members shall make queries or interpellations regarding budgetary issues or issues related to final accounts in accordance with legally prescribed procedures. The governments or financial departments so queried or interpellated must reply in good time.

**Article 69.** Governments at all levels shall submit budget implementation reports to people's congresses at corresponding levels or to their standing committees at least twice in a given budget year.

**Article 70.** Governments at all levels shall oversee budget implementation by lower-level governments, who shall report regularly to higher-level governments on budget implementation.

**Article 71.** The financial departments of governments at all levels shall be responsible for overseeing and inspecting budget implementation by various departments at corresponding levels or by their subordinate units; they shall submit budget implementation reports to their governments or to the financial departments of higher-level governments.

**Article 72.** The auditing departments of governments at all levels shall oversee, through auditing, budget implementation and final accounting by various departments and units at corresponding levels and by lower-level governments.

#### Chapter X. Legal Responsibilities

**Article 73.** Where the government at any given level makes unauthorized changes to its budget without obtaining approval legally so that the total expenditure exceeds the total revenue in its approved budget where revenue and expenditure are balanced, or so that the amount of debt to be raised under the approved budget is increased, the persons in charge who are directly responsible, as well as other directly responsible people shall be investigated for their administrative responsibilities.

**Article 74.** Where treasury funds are used without authorization or funds deposited in the treasury are disposed of through other means without authorization in violation of laws and administrative rules, government financial departments shall order the return or recovery of the treasury funds; higher-level organs shall discipline the persons in charge who are directly responsible, as well as other directly responsible people.

**Article 75.** Where budgetary revenue is concealed or funds that should not be disbursed from the budget are designated as budgetary expenditure, the financial departments of higher-level governments or governments at corresponding levels shall order corrective actions; higher-level organs shall discipline the persons in charge who are directly responsible, as well as other directly responsible people.

#### Chapter XI. Supplementary Provisions

**Article 76.** Governments at all levels, as well as all departments and units, shall strengthen the management of extrabudgetary funds, and the State Council shall enact separate measures for administering such funds. People's congresses at all levels shall oversee the use of extrabudgetary funds.

**Article 77.** Budgetary management in autonomous minority regions shall be exercised in accordance with relevant provisions in the Law on Regional Autonomy for Minority Nationalities; where the Law on Regional Autonomy for Minority Nationalities does not contain relevant provisions, budgets shall be managed pursuant to this law and relevant State Council provisions.

**Article 78.** The State Council shall formulate implementation regulations in accordance with this law.

**Article 79.** This law shall take effect on 1 January 1995. The "Regulations on State Budgetary Management" promulgated by the State Council on 21 October 1991 shall be abolished on the same day.

#### Article on Transformation of People's Bank

*OW0505055594 Beijing BEIJING REVIEW in English No 18, 2-8 May 94 pp 8-12*

[By staff reporter Li Ning: "From State Treasury to Real Bank"; first paragraph is BEIJING REVIEW introduction]

[Text] China will transform the People's Bank of China into a real central bank and specialized banks into real commercial banks. A number of policy-related banks will be set up to engage in policy-related business.

Prior to 1978, the People's Bank of China was the only one in the nation. It was not only the bank for monetary issue, but also the center for credit, settlement and cash receipt and payment. Therefore, it was dubbed a monetary issue company or state treasury.

At the end of 1978, China embarked on its reform and opening policies. Deng Xiaoping, the chief architect of China's reform and opening, instructed in 1979 that "banks should be real banks," which raised the curtain on the country's financial system reform.

Between 1979 and 1985, the Agricultural Bank of China and the Industrial and Commercial Bank of China were set up; the Bank of China was separated from the People's Bank of China as a specialized exchange bank engaging in international settlement and foreign trade credit; the People's Construction Bank of China became independent from the Ministry of Finance to handle part of credit business. In 1984, the People's Bank of China began to act as the central bank.

From 1986 to 1993, China established nine commercial banks, including the Bank of Communications, the CITIC Industrial Bank, the Merchant Bank, the Shenzhen Development Bank, the Fujian Industrial Bank, the Guangdong Development Bank, the Everbright Bank, the Huaxia Bank and the Shanghai Pudong Development Bank. Their emergence put an end to the monopoly of state specialized banks and promoted competition in China's banking industry.

However, economic operations over the last 10 years have exposed undeniable shortcomings in the existing financial system. The central bank does not behave like a central bank, and neither do the commercial banks act accordingly. With its macroregulation and control measures still characteristic with those of a planned economy, the central bank fails to play its due role in implementing the state monetary policy and in managing and supervising national financial activities. It handles its own policy related loans and runs investment and trust companies. In the interim, the specialized banks handle commercial as well as policy-related business. With fund operations conducted in accordance with planned indicators and administrative instructions, the specialized banks have no autonomy to choose where to put money and therefore credit risk does not exist.

The still not thoroughly reformed financial system certainly failed to withstand the pounding of the socialist market economy and the rapid development of the national economy after 1992. In the first half of 1993 chaotic phenomena like fraudulence in money raising and loan calling cropped up in the financial market. This aggravated the excessive growth of investment in capital construction and fixed assets, inflation and steep price increases.

The Chinese government shifted the focus of reform and opening onto finance.

On July 2, 1993, Vice-Premier Zhu Rongji was appointed president of the People's Bank of China, a post concurrent with his existing one. As soon as he took office, Zhu called a working conference on national finance. Zhu put forward the 14 measures for macroregulation and control, trying to reverse the chaotic situation in finance through rectifying the financial order and strictly enforcing financial discipline so the national economy could revert to the road of continuous, rapid and healthy development. The efforts have created favorable conditions for smooth formulation and implementation of supporting financial reform measures in 1994.

At the press conference of the National People's Congress and the Chinese People's Political Consultative Conference on March 17, Zhou Zhengqing, vice president of the People's Bank of China, introduced the main points of financial reform in 1994. Major points of his introduction are as follows:

Establishing a central bank macroregulation and control system under the leadership of the State Council that will independently implement the monetary policies;

Establishing a financial organizations network in which policy related finance is separated from commercial finance, and under which state-owned commercial banks are the main body, while various financial institutions coexist;

Establishing a market system featuring openness, orderly competition and strict management;

Turning the People's Bank of China into an actual central bank and specialized banks into the real commercial banks;

Further opening up finance to the outside world, and unifying the exchange rate so the Renminbi can gradually become a convertible currency.

#### Macroregulation and Central Bank Control

Since it became the central bank in 1984, the People's Bank of China has carried out independent monetary policies. It has employed international practices such as reserve deposits, rediscounts, interest rates, central bank loans and credit limits to control the money supply and adjust the credit structure.

Major function of the central bank Vice-President Zhou Zhengqing pointed out at the branch head conference of the People's Bank of China held in December last year that a real central bank should lead and manage national financial undertakings, scientifically devise and carry out monetary policies and maintain essential currency stability; and exert strict supervision and administration over financial organs and ensure secure and effective operation of the financial system. "Only the head office of the People's Bank of China has the right to create monetary policies," Zhou emphasized.

**Specific Reform Measures** Zhou said major reform measures include the following:

—Transforming and defining functions of the People's Bank of China. The head office of the People's Bank of China has the rights to issue money, manage basic monetary policies, regulate and control total credit, and regiment bench mark interest rates, in order to guarantee the face of monetary policies throughout the country. Usually, the head office of the People's Bank of China only allows provision of temporary credit to head offices of national commercial banks. The basic duties of the bank's branches include: financial supervision and management investigation and statistical analysis, adjustment of horizontal money supply, state treasury operation, cash allocation, exchange management and interbank settlement

—Reforming and improving monetary policies. The ultimate goal of the monetary policy of the People's Bank of China is to maintain currency stability and thus promote economic growth. In line with the macroeconomic situation, it will flexibly use monetary policy tools such as legal deposit reserve rates, central bank loans, rediscounts, interest rates, open-market operations, central bank foreign exchange operations and credit lines to regulate and control the money supply. It has started from this year to handle separately funds and business of commercial and policy-related banks, cut off the direct connection between the central bank's basic money supply and policy-related loans, and to practice asset liability ratio and asset risk in managing the Renminbi and foreign currency credit in commercial banks.

—Fortifying the supervision and management of the central bank over the national banking industry. Drafts of the Law of the People's Bank of China, the Bank Law of the People's Republic of China, the Law of Negotiable Instruments and the Law of Insurance will be submitted to the National People's Congress for examination and approval in 1994. In the interim, rules and regulations managing various financial institutions will be drawn up and refined. According to Zhu Xiaohua, vice president of the People's Bank of China, China will soon make up and enforce 22 laws, regulations and methods relating to the banking industry. The drafting has absorbed some common articles from foreign bank laws and related regulations under the market economy. Starting from the reality

of China, these statutes will be made similar to international practice so the Chinese financial market can be linked with global financial circles.

#### Financial Institutions

Within the financial institutions network, policy-related finance should be separated from commercial finance. With the state-owned commercial banks as the main body, the network should accommodate financial institutions of various kinds.

**Policy-related banks:** Beginning from the second half of 1993, three policy-related banks were founded and formally put into operation in 1994. They are the State Development Bank that accommodates funds for key state construction projects; the Agricultural Development Bank that provides policy-related loans for the country's reserves of grain, cotton and edible oil, contracted purchase of farm and sideline products, and agricultural development; and the Bank of Import and Export Credit.

Policy-related banks are geared to the needs of state policies and do not aim at making profits. They provide special loans that are beneficial to overall stability, such as specific loans for infrastructure construction, stocks of key materials, and poverty aid and disaster relief. Their interest rates are much lower than those of the market.

Policy-related banks do not participate in commercial banking competition but receive the supervision of the central bank.

Conventionally, policy-related banks do not absorb social deposits. Therefore, they have no direct debt relationship with the public. The main sources of funds come from financial allocation, central bank reloans, bonds issued to the public, regular sums left in social security funds, and indirect use of post office deposits.

In establishing the policy-related banks, China has drawn on foreign experience as a reference, especially that of the United States and Japan. Still in their preliminary stages, China's policy-related banks are not as detailed in function as their foreign counterparts.

**State-owned commercial banks:** As policy-related banks take over policy-related financial business, the existing state-owned specialized banks (including the Industrial and Commercial Bank of China, the Agricultural Bank of China, the Bank of China and the People's Construction Bank of China) will be transformed into state-owned commercial banks. They will operate with the mechanisms of modern commercial banks, featured by autonomous management and assumption of full responsibility for profits and losses.

State-owned commercial banks, though rivals, can undertake interlocked business. All their operations must strictly abide by the Bank Law of the People's

Republic of China and other financial rules and regulations. They must receive the supervision of the central bank.

**Other financial institutions:** In addition to the People's Bank of China and the above-mentioned four state-owned specialized banks, China's financial institutions include nine commercial banks such as the Bank of Communications, 12 insurance companies, 387 financial trust and investment firms, 87 securities bodies, 29 financial houses, 11 financial and leasing concerns, 59,000 rural credit cooperatives and 3,900 urban credit cooperatives. All these constitute the Chinese financial network.

All commercial banks and other non-bank financial institutions will operate in line with the Bank Law of the People's Republic of China and other related financial rules and regulations.

In this financial reform, rural and urban credit cooperatives will change into rural and urban cooperative banks, whose major task is to develop the local economy and provide services to small and medium-sized enterprises and agriculture, animal husbandry and the fishing industry.

#### Financial Market System

Diversification of credit forms and financial tools have boosted the development of China's financial market. In 1986, fund markets were established in the five cities of Shenyang, Wuhan, Guangzhou, Chongqing and Changzhou. Over the following several years, various kinds of financial markets were established across the country. They included inter-bank, short and long-term funds, corporate bond, national debt, note discount, foreign exchange swap and stock markets. This resulted in floating interest rates and commodity capital.

In 1993, China successfully set up its first-class national debt dealer system. This symbolized the move by China's national debt market toward standardization and international practice. From this year on, the Ministry of Finance stops borrowing from the People's Bank to amend the financial budget, and therefore, the financial deficit shall be met through the issue of national debt. During his visit to Japan in early March, President Zhu Rongji said that China, in order to control inflation, will adopt tight currency and strict financial policies to control money issuing and expenditure. Specifically speaking, China will issue national debt to replace its previous practice of meeting deficit by borrowing money from banks and by money issue. This is a significant reform. This year, the proportion of national debt in the financial budget in China is about the same as that in Japan.

Another major measure in this year's financial reform is the unification of the exchange rate. The unitary floating exchange rate based on the exchange market price was put into effect from January 1. Coinciding with global practice, this move will have far-reaching significance on Sino-foreign economic exchange. It will help attract

foreign investment and pave the way for China to restore its status in GATT. In addition, it opens a path for the free convertibility of the Renminbi, the ultimate goal of the reform of the exchange management system.

Experts say that only when China has sufficient exchange reserves, Chinese commodities occupy a significant share in the world market, Chinese enterprises are internationally competitive enough, and Chinese legal conditions improve, can the Renminbi's free convertibility finally materialize.

#### Commission Sums Up Economic Reform Experiences

OW0405193194 Beijing XINHUA Domestic Service in Chinese 0815 GMT 4 Apr 94

[By reporters Yang Qing (2799 7230) and Zhang Jincheng (1728 6930 0524)]

[Text] Beijing, 4 Apr (XINHUA)—The State Economic Restructuring Commission today convened a meeting to exchange experiences in coordinated reform gained by the Beijing First Light Industry Corporation. Speaking at the meeting, Commission Vice Minister Liu Zhifeng said: In light of their actual conditions, all localities should learn from the corporation's experiences and expand on them by conducting bold explorations and constantly making innovations. In conjunction with the experiment in setting up modern enterprises, the economic restructuring commissions of provinces and cities should concentrate on the experiment in conducting reform in a coordinated way.

The meeting—in which directors of the provincial and autonomous regional economic restructuring commissions throughout the country, the leaders of the relevant central departments, and the principal leaders of cities directly under the central government participated—was held to study ways to upgrade the state-owned sector of the economy, to advance reform of state-owned enterprises in a coordinated way, to increase the value of state-owned assets, to optimize the industrial structure, to transform the functions of government departments, to change the operating mechanisms of enterprises, and to train and distribute surplus workers and staff members so as to promote the establishment of a modern enterprise system. At the meeting, Cui Zhian, chairman of the board of directors of the corporation, briefed the participants on its experiences by delivering a report entitled "Actively Push Ahead Coordinated Reform To Explore New Ways for Invigorating State-Owned Enterprises." The meeting was presided over by Huo Guanghui, vice minister of the State Economic Restructuring Commission. Beijing Mayor Li Qiyan also spoke at the meeting.

Cui Zhian said: Confronted with three problems—a shortage of funds, too many employees, and difficulties in taking an inventory of assets—the Beijing First Light Industry Corporation explored many new paths in the course of deepening enterprise reform: It developed high-grade light industrial products; it shifted from developing secondary industries to developing tertiary industries by building the China Glass Center; it changed its operating

mechanism by allowing a state-owned company to be run by private manager on a trial basis; it readjusted its structure by developing marketable products; it changed its business operations in accordance with the demands of a market economy. The explorations have yielded preliminary results, which have promoted its expansion and its economic performance. Last year, while a large number of state-owned light industrial enterprises were having difficulties, the corporation's output value was 2.98 billion yuan, up 6.8 percent over the previous year; its sales income was 3.49 billion yuan, up 24.2 percent over the previous year; it paid 236 million yuan in taxes to the state, an increase of 16.3 percent; it made 167 million yuan in profit, up 61.7 percent, ranking first in profit growth rate among light industrial enterprises in Beijing and the rest of the country.

Cui Zhian said: We have gained a five-point experience from our reform in the past year: First, to solve the deep-seated problems in state-owned enterprises, it is necessary to conduct reform in a coordinated way. Second, the nucleus of building a market economic system is the optimization of resource allocation. Third, once a reform program is drawn up, it must be implemented in a down-to-earth way. Fourth, good ideological-political work is the guarantee of coordinated reform. Fifth, coordinated reform must be supported in a coordinated way.

Expounding on the basic reform experience of the Beijing First Light Industry Corporation, Liu Zhifeng, vice minister of the State Economic Restructuring Commission, said: Viewed from the overall effort of deepening the reform of the economic structure, the corporation's basic reform experience has three outstanding features: First, in line with the requirements for establishing a socialist market economic structure, the corporation has given full play to the basic role of the market in allocating resources under state macroeconomic regulation and control. Second, it has organically integrated reform with development and stability. In the course of deepening reform, the corporation made vigorous efforts to resolve the contradictions brought about by the readjustment of power and interests, thus preserving social stability. Third, proceeding from the deep-seated problems in state-owned enterprises, the corporation carried out a systematic and coordinated reform while at the same time solving problems in other areas, thus achieving good results and pushing reform to a new level.

On how to learn from and apply the corporation's reform experiences, Liu Zhifeng said: We should thoroughly understand and master the corporation's basic experience and decide on a specific program for readjusting economic structures and transforming enterprises' operating mechanisms in light of the local conditions; we should draw up a plan and implement it step by step. In carrying out coordinated reform, local authorities should draw up a unified plan and implement it in a unified way under the unified leadership of city governments, and must guard against rushing into mass action. In authorizing the management of state-owned assets, it is necessary to proceed from reality and to separate government functions from enterprise management. We should do our best to innovate and transform

operating mechanisms. We should support coordinated reform in a coordinated way. The principal leaders of governments and economic restructuring departments, as well as other relevant departments, should coordinate in advancing the reform.

### Economist Calls For Limiting Investment in Fixed Assets

HK0405084494 Beijing CHINA DAILY in English  
4 May 94 p 4

[By Sun Shangwu: "Fixed-Asset Funding Needs Firm Cap"]

[Text] The Chinese Government must keep a tighter lid on fixed assets investment to maintain stable economic growth, an economist said.

Investment in fixed assets last year shot up 50.6 percent, while the gross domestic product (GDP) increased by 30.6 percent.

An official report shows that the State fixed asset investment in the first quarter of this year reached 81.5 billion yuan (\$9.4 billion), up 36.2 percent from the same period last year.

However, due to governmental macro economic control, the growth rate of the investment actually dropped 34.5 percentage points in the same period, the report said.

The sharp investment increase last year greatly boosted the need for currency, which is regarded as an important factor pushing the nation's economy to the brink of dangerous overheating, said Liu Rixin, a researcher with the Economic Research Centre of the State Planning Commission.

Although 115.8 billion yuan (about \$21 billion according to foreign exchange rate in 1992) was issued in 1992, the central bank last year still poured some 152.9 billion yuan (\$17.5 billion) into the market to meet urgent credit demands, which was the same as that issued over several years between 1985-89.

This inevitably led to double-digit inflation last year.

The central government adopted many measures early this year to curb the scale of investment. A circular was issued to ban new investment projects and the State Development Bank was established last month to make policy-related loan decisions. Inspection teams were sent nationwide last month to examine local investment projects.

Besides these moves, other important steps are required, according to Liu.

He noted that about 80 percent of fixed asset investment came from bank loans and funds raised by enterprises and local governments.

The central bank should strictly implement the State-set fixed assets investment plans and should not overstep these plans arbitrarily.

The National People's Congress (NPC), China's legislature, approved this year's investment plan for fixed assets of 1.3 trillion yuan (\$149 billion) at the Eighth NPC session in March, an increase of about 10 percent from last year.

Liu complained that in the past, the actual investment always exceeded the limits set by the central government.

The investment plan last year was set at 800 billion yuan (\$91.9 billion), while the actual investment stood at 1.18 trillion yuan (\$135.6 billion).

Meanwhile, Liu pointed out that the development funds raised by enterprises themselves must come from their profits instead of other financial sources.

However, many enterprises raised development funds by borrowing money from banks, issuing bonds and shares. The fundraising practice will eventually result in investment, he said.

He said that many enterprises and local government departments are eager to embrace shareholding systems or issue bonds for raising development funds.

According to macro-economic control policies, such a practice is inadvisable because it will inevitably disturb the credit plans of banks by soaking up too much of society's "idle" money.

Liu argued that "idle" money doesn't really exist in China.

Though many deposits are held by individuals, they have been taken into the credit arrangements of banks.

The government allows only some pilot enterprises to adopt the shareholding system, but some economic researchers encourage most enterprises to do so, according to Liu.

The number of listed enterprises should also be strictly limited at the present time.

Now, besides being interested in the shareholding system, many enterprises and local governments also aim to attract foreign capital.

But Liu said that the central government must take pertinent steps to guide such practice.

When foreign capital comes into China it should be supplemented by some domestic capital.

Before introducing foreign investment, the government should make some provision to guarantee domestic accessory funding for the projects. Otherwise, the limited domestic capital will restrict the introduction of foreign money.

Statistics show that last year, more than 10 per cent of fixed asset investment came from foreign capital.

In addition to stemming the financial source of investment, the central government should map out specific industrial policies to guide investment both from home and abroad.

Investors should be encouraged to pour funding into the country's energy and transportation sectors, its pillar industries and infrastructure projects.

Liu revealed that China improved the investment climate last year in the bottle-necked telecommunication and transportation sectors.

The official report said that 20 per cent of the State investment last year went into transportation, up 5.5 percent over the previous year.

But compared with 1992, last year's State investment in the energy, machinery, cultural and educational sectors dropped by 3.3, 1.6 and 0.8 per cent respectively.

Market factors or prices should play an important role in allocating the resources, Liu pointed out.

With the rapid development of investment in recent years, the present investment statistics cannot reflect the actual conditions in the country, cautioned Liu.

Groups in search of investments are now diversified. They not only include State-owned enterprises and collectively-owned enterprises, but also privately-run and township firms, joint-ventures and foreign-invested enterprises.

But the current statistical methods include only the State, collective investment and part of the individual investment groups. Several groups have been excluded from the statistics.

He suggested the government reform the statistical methods to reflect actual practice.

"Complete statistics will help the government to make good management decisions relating to investment" he added.

### Ethnic Regions Reap 'Good Harvest' in 1993

OW0405224994 Beijing BEIJING REVIEW in English  
No 18, 2-8 May 94 pp 14-15

[By guest reporter Hua Juxian and staff reporter Jing Wei: "Agriculture Grows in Ethnic Areas"]

[Text] China's five provincial-level minority nationality autonomous regions (the Inner Mongolian Autonomous Region, the Xinjiang Uygur Autonomous Region, the Ningxia Hui Autonomous Region, the Tibet Autonomous Region and the Guangxi Zhuang Autonomous Region) cover 44 percent of China's total territory. In addition, Qinghai, Yunnan and Guizhou provinces are also inhabited by a large number of ethnic groups.

Following on the heels of a sustained growth in agricultural production since 1992, the eight provinces and autonomous regions reaped another good harvest in 1993.

### Achievements

The Tibet Autonomous Region, located on the "Roof of the World", registered a bumper harvest for the sixth successive year. The region's total grain output last year hit a historic high of 620,000 tons, quadrupling the figure for 1952 following the peaceful liberation of Tibet.

In 1993, the Xinjiang Uygur Autonomous Region recorded its 15th successive bumper harvest. The region's total grain output equalled the 1992 level of 7.02 million tons, even though the acreage planted to grain was reduced by more than 60,000 hectares. The output of cotton reached 750,000 tons, up 7 percent over 1992, while grape output rose to 270,000 tons, up 20 percent.

In the not too distant past, the Inner Mongolian Autonomous Region needed to ship in 1 million tons of grain from other parts of the country annually. However, over the past five years, strengthened capital construction enabled local agricultural production to experience an average annual growth of 12 percent, thus ensuring self-sufficiency for the region's grain consumption. In 1993, the region reaped a total grain output of 11 million tons, a record high.

The Ningxia Hui Autonomous Region's grain output reached 2.03 million tons in 1993, an increase of 9.3 percent over 1992.

Guizhou Province notched an all-round increase in agricultural production in 1993, with total grain output hitting 8.65 million tons, up 11.89 percent over 1992. The province also achieved great progress in the production of cured tobacco, sugarcane, tea, meat, eggs and milk.

Qinghai, which is located on the Qinghai-Tibet Plateau, is home to a large number of ethnic groups, including Mongolian, Tibetan, Hui and Kazakh nationalities. The province is also one of China's major animal husbandry bases. In 1993, despite heavy snowstorms which killed 13.4 million head of livestock, the province, thanks to the timely action of the local-government and masses, still set new records in the rate of slaughtered domestic animals, the rate of domestic animals sold as commodities and the output of meat, milk and hides. This indicates that the province has already extricated itself from the plight of relying on the heavens for animal husbandry production.

Summer grain output in Guangxi jumped by 6.1 percent and the region's total agricultural output value for last year rose by 9.4 percent, mirroring simultaneous increases in the production of grain and cash crops.

The development of agriculture and animal husbandry in ethnic regions has resulted in remarkable increases in

the incomes of local farmers and herdsmen. The 1993 per-capita income for rural and pastoral residents in Xinjiang averaged 780 yuan, up 5.4 percent over 1992; per-capita income for rural residents in Guangxi reached 860 yuan, showing a growth rate equaling the nation's average; per-capita income for rural and pastoral residents in Tibet averaged 515 yuan, up 5.1 percent over 1992; and the 1992 per-capita income for poverty-stricken mountainous areas in south Ningxia registered a 200 percent increase over 1982.

#### Reasons for Development

The successive years of bumper harvests in China's ethnic areas should be attributed to local government concerted efforts to place priority on agriculture and animal husbandry and their introduction of a series of effective measures.

**Increased capital input.** Yunnan Province, where a large number of China's minority nationalities live in compact communities, has for many years led the country in agricultural capital inputs. In 1992, funds invested in agriculture reached 2.64 billion yuan, or 21.7 percent of the province's total annual expenditures. In 1993, the Ningxia Hui Autonomous Region allocated 21 million yuan to the project to realign the Yellow River irrigation network. Over the past five years, the Inner Mongolian Autonomous Region has invested 2.04 billion yuan in capital construction for agriculture and animal husbandry, an increase of 81.4 percent over the previous five-year period.

**Expanding capital construction.** Over the past three years, Guizhou has transformed 80,000 hectares of low and medium-yield land, and set up a group of forestry centers and animal husbandry bases which have provided strong support for the all-round development of agriculture. Last year, completion of the first phase of the comprehensive development project on the Great Bend of the Yellow River helped to increase local irrigated areas in Ningxia by 5,000 hectares and improved over 70,000 hectares of irrigated land. Inner Mongolia has achieved remarkable progress in establishing grazing lands and commodity grain bases. And, by the end of

1993, the region had completed the construction of 247 agricultural development projects and commodity grain bases. Over the past two years, the Tibet Autonomous Region has transformed 3,200 hectares of low and medium-yield land, afforested 1,000 hectares, and expanded and improved more than 4,000 hectares of irrigated land in the Painbo and Namling agricultural development areas.

**Popularizing science and technology.** As part of an effort to transform traditional farming into a modern agriculture, local governments in minority regions have offered practical technical education to local farmers and herdsmen. The effort has helped train a large number of qualified agrotechnicians and establish a widespread science and technology promotion network in each locality. Beginning in 1992, some 500,000 farmers in Guangxi studied from one to two applied technologies each year, with 5,000 being selected for further education. While establishing a four-layer technology promotion network covering the region and all counties, townships and villages, Ningxia provided 650,000 farmers with training, helping them master two to three applied technologies. Xinjiang has also recorded remarkable progress in training agrotechnicians and, by the end of 1992, some 14,000 farmers and herdsmen had been awarded certificates as agrotechnicians. They have played an important role in the application and popularization of advanced techniques.

Since 1988, in accordance with conditions, Tibet, a vast sparsely populated and undeveloped area, has devoted great effort to promote the Harvest Program which stresses the use of various agricultural technologies for yielding bumper harvests. By the end of 1993, some 682 projects covering 4.8 million hectares had been established according to plan. In addition, scientific and technological demonstration and popularization plans had been implemented in over half of the region's counties. These counties, which embrace all the ecological areas in the region, make up two-thirds of the region's agricultural and combined agricultural and pastoral counties and cover more than 80 percent of the region's total cultivated land. They have experienced the most rapid agricultural development and the largest percentage increase in grain production.

**East Region****Anhui's Lu Rongjing on Fighting Corruption**

OW0405100694 Hefei ANHUI RIBAO in Chinese 24 Mar 94 pp 1, 4

[Unattributed report on Anhui CPC Secretary Lu Rongjing's anticorruption speech to the provincial disciplinary inspection committee meeting on 21 March]

[Text] On the afternoon of 21 March, Lu Rongjing, secretary of the Anhui provincial CPC committee, delivered an important speech at the plenary session of the ninth provincial disciplinary inspection committee. He pointed out that as the anticorruption struggle is a long-term and arduous task, leaders at various levels of party committees and governments must take the overall situation into consideration; correctly handle the relationship between reform, development, and stability; be fully aware that economic construction is the central task; persist in carrying out the policy of promoting the reform and opening up drive with one hand and cracking down on severe crimes with the other, equally stressing both; integrate well the anticorruption struggle with the efforts to deepen reform measures, to open the province wider to the outside world, to promote development, and to maintain stability, so that the anticorruption struggle will be carried out in an in-depth, lasting, and more effective manner.

At the beginning of the speech, Lu Rongjing gave a positive appraisal to the results which Anhui has achieved in the earlier stage of the anticorruption drive. He said last year was a year in which the province witnessed a rapid progress in reform, opening up, and in economic construction as well as a year in which the province achieved great progress in the anticorruption drive. Particularly since the convening of the plenary session of the second meeting of the Central Commission for Discipline Inspection, various levels of discipline inspection committees in the province, following the unified arrangement made by the CPC Central Committee and the provincial CPC committee, further enhanced anticorruption measures; applied greater energy on anticorruption work with special efforts concentrating on leading comrades' checking on their own honest performing of their official duties, on investigating and handling major and important cases, and on rectifying unhealthy tendencies among various trades and professions. The drive had been unprecedented in terms of propaganda drive, scale, and effect. The province's anticorruption momentum is excellent as a whole and its development is healthy. The province has scored results, though in varying degrees, in the three anticorruption tasks proposed by the CPC Central Committee; blunted the momentum of the spread of negative and corrupt phenomena; reduced the number of corruption cases that has long incurred the wrath of the masses; and further enhanced the enthusiasm and increased the confidence of the broad mass of cadres and the masses to take part in the anticorruption struggle.

Lu Rongjing pointed out the need for affirming the results scored in the earlier stage of the anticorruption drive from a spirit of seeking truth from facts. However, he cautioned against making an overestimation of the results. He said all must be aware of the fact that the province has only achieved initial anticorruption results and that the province might have solved some superficial corruption issues in the earlier stage of the anticorruption drive. However, some hidden and deep-seated problems have yet to be solved or even left untouched. Seen from the entire province's situation, the anticorruption work has also been uneven. Therefore, the anticorruption struggle's situation is still grim and the task ahead is still arduous. Leading comrades at various levels of party committees and governments and comrades at various levels of discipline inspection and supervision organs must remain sober-headed; must never become complacent and overly optimistic because of the initial results in the anticorruption drive; must not dismiss the existing problems as insignificant; and must not lower our guard.

Lu Rongjing added: To a great extend, whether the anticorruption struggle can proceed smoothly and successfully depends on the awareness of the people, especially the awareness of leading cadres at all levels. Only when we have a consensus of view can we have the initiative, the willingness, and the determination to fight corruption, otherwise we will approach the problem negatively and passively. The vast number of party member cadres, especially those in leading positions, must study the instructions of the CPC Central Committee and the State Council on fighting corruption and promoting work ethics, as well as the guidelines laid down by the second and third plenary sessions of the Central Discipline Inspection Commission and Comrade Jiang Zemin's talks so that we can achieve greater consensus of view, clear up misunderstandings, do away with misgivings, and act even more positively, consciously, and earnestly while launching the anticorruption struggle—and not do so negatively, positively, or perfunctorily—so that we can seize victories at every stage, promote political and social stability throughout Anhui, and expedite the healthy development of reform, opening up, and economic construction.

On what will be done next in fighting corruption, Lu Rongjing said: In real life, many phenomena of corruption have generated from going against the objective of serving the people wholeheartedly, or from failing to take the interests of the masses into account. Thus, the guideline for our fight against corruption is quite clear, namely we must take the masses' interests into account and consider forging stronger ties with the masses as an important job in fighting corruption. Leading cadres at all levels must start by dealing with problems to which the masses have responded strongly; earnestly deal with problems in their respective regions, departments, and units; and deal with major problems themselves. We must set examples in fighting corruption and promoting work ethics by taking the lead in carrying out the Central Committee's requirements for fighting corruption. We

must be more aware of the need to take the masses' interests into account, be concerned with the masses' plight, and always bear in mind the masses' problems. Only by doing so can we have the trust of the people, enable the masses to see our determination to fight corruption and solve our own problems, mobilize the masses' initiative, and forge closer ties between the party and the people.

Lu Rongjing stressed: Whether or not the fight against corruption can proceed successfully rests primarily with leadership. Party committees and governments at all levels must consider the fight against corruption as one of their most important tasks, one that should be placed high on their agenda. We must earnestly assume leadership, act personally to deal with major issues, and mobilize all social quarters to fight corruption. Each and every party member must take part in the endeavor, and all party and government organizations must exert efforts together. Organizations of one level, after dealing with their own problems, must make sure that the work of organizations of the next level is properly accomplished. In addition to following through with the regulations set by the CPC Central Committee, the State Council, and the Central Discipline Inspection Commission for fighting corruption and promoting work ethics, all regions, departments, and units must proceed from their actual situations and come up with their own priorities; and then they must take stronger measures, set more effective rules, and establish more effective operating mechanisms to make sure that the fight against corruption can proceed with clear objectives and that there are requirements to fulfill and measures to take for attaining these objectives. Leading bodies of party and government organizations must regard improvement of party conduct and work ethics as well as fight against corruption as responsibilities to fulfill during their terms of office. Responsibilities governing leading party members' conduct and work ethics must be established and improved, and rules should be set to divide the responsibilities to make sure that all measures are implemented and all objectives attained.

Lu Rongjing continued: Under the new situation, the fight against corruption faces many new situations and new problems. This being the case, leading cadres at all levels must intensify their investigation and study so as to find ways to deal with problems and accumulate the needed experiences for expediting the fight against corruption. Owing to our imperfect laws and nonstandardized rules for government conduct and enterprises' market conduct at a time when the planned economy is being replaced by a market economy, our enterprises now face many formidable problems of various descriptions. In particular, leaders at all levels must intensify their investigation and study of enterprises, attach importance to resolving their existing problems, and firmly and strictly punish those who have seriously violated laws and discipline. If the mistakes made by persons in charge of enterprises have nothing to do with abusing authority for personal gains and have not violated the law, we need not demand them to be perfect,

but should protect them and encourage them to explore and proceed with their reforms bravely after sincerely pointing out and criticizing their mistakes as well as helping and educating them so that they can make new contributions to the development of their enterprises.

Lu Rongjing pointed out: Because of the protracted nature and formidability of the fight against corruption, we must, during the fight against corruption, deal with the root causes and the symptoms and outstanding and routine problems at the same time. On the one hand, we must firmly punish all corrupt elements who have abused their authority for personal gains, bent the law, and accepted and given bribes. By no means should we be lenient to these elements and by no means should we let these corrupt elements do whatever they want and remain at large. On the other hand, while we fight against corruption, we should make corrections and proceed to build or improve mechanisms that can effectively restrain the generation and spreading of the corruption phenomena. To make sure that all measures for fighting corruption and promoting work ethics are followed through, we must continue to intensify our efforts in supervising the performance of leading cadres in examining themselves, in correcting their own mistakes, and in dealing with cases about irregularities. We must attach importance to supporting the operations of specialized organs so that discipline inspection, procuratorial, and supervisory organs can give full scope to their important roles in fighting corruption.

Lu Rongjing concluded: Ever since the party Central Committee issued the order to fight corruption and promote work ethics, the new outlook in many areas as well as the vivid facts about censuring corruption have increased the masses' confidence and enabled them to see a hopeful future. The macroclimate for fighting corruption and promoting work ethics has now appeared, specific assignments have been set, and measures have been drawn up. As long as we make genuine efforts to fight corruption and follow through with all measures, we certainly can succeed at various stages in deepening the fight against corruption.

Attending the meeting on the afternoon of 21 March were leading comrades of the provincial party committee standing committee, the provincial people's congress standing committee, and the provincial committee of the Chinese People's Political Consultative Conference, as well as various provincial departments, committees, and bureaus.

#### Anhui Governor Speaks at Vegetable Work Conference

OW0405143394 Hefei Anhui People's Radio Network in Mandarin 1100 GMT 4 Apr 94

[From the "Provincial News Hookup" program]

[Text] A provincial conference on urban vegetable work was held in Hefei from 2 to 3 April. It conveyed and implemented the guidelines of the two national meetings

on vegetable basket work convened by the State Council, and drew up an overall plan for vegetable work this year. The conference called on governments at all levels, especially city governments, to strengthen leadership, see to it that the vegetable basket project is well carried out, and make unremitting efforts to ensure ample market supply, stabilize prices, and stabilize society.

Governor Fu Xishou and Vice Governor Zhang Runxia attended the conference. Each made an important speech.

In the past six years since the implementation of the vegetable basket project in Anhui, the provincial government has appropriated 17 million yuan to support and encourage cities to grow vegetables under the program of replacing subsidies with rewards. Marked results have been achieved thanks to the great deal of work done by the governments at all levels. At present, a large number of bases for growing vegetables have been established throughout the province. In 1993, the province's per capita consumption of vegetable, meat, and eggs approached the level of economically developed areas in the country, but some existing problems should not be overlooked. From the middle of November last year to the beginning of this year, the prices of major staple food such as popular vegetables and pork in urban areas rose considerably, thus pushing up the general price index.

Analyzing the causes for the price rises, Vice Governor Zhang Runxia said: The rise of vegetable prices at the end of last year was related to natural disasters, but it also exposed the problems in the areas of production and commodity circulation. The main problems are: In the past two years, the supply of vegetables and other non-staple food has been relatively good. As a result, there has been a relaxation of investment in and service in connection with the vegetable basket project. Furthermore, as the pace of urban construction was accelerated, fine and high-yield vegetable-growing plots in suburban areas have been used for construction purposes. In the past two years urban vegetable-growing plots throughout the province decreased by 30,000 mu. The building of new vegetable-growing plots failed to meet demand due to a lack of investment. As there was a shortage of labor for growing vegetables in urban and suburban areas, some vegetable plots were abandoned or badly managed.

Vice Governor Zhang Runxia pointed out: We should conscientiously sum up experiences and lessons and carry out the vegetable basket project successfully with a high sense of responsibility to the people.

In his speech, after briefing the participants on the guidelines of the recently held central conference on rural work, Governor Fu Xishou stressed: Carrying out the vegetable basket project well is an important measure for checking inflation. This year is vital for us to establish a socialist market economic structure. If we fail to stabilize the supply of vegetables and rice and allow prices to rise considerably, social stability will be affected, and our reform and development will be

affected. Therefore, it is the bounden duty of governments at all levels to solve the problem of vegetable supply. They should continue to implement the system of placing the responsibility on city mayors and make the vegetable basket work an important criterion for evaluating city mayors. Before its term expires, the provincial government will continue to pursue the policy of replacing subsidies with rewards. It has been decided at an executive meeting of the provincial government that this year the provincial government will appropriate a sum of fund to commend and reward cities that have done exceptionally well in carrying out the vegetable basket project.

Fu Xishou pointed out: At present, we should strive to solve the few outstanding problems regarding the vegetable basket project. First, we should stabilize the area for growing vegetables and strictly ban indiscriminate requisitioning of vegetable plots for use for other purposes. Second, we should establish markets for agricultural and sideline products. Third, we should grasp the means of macroeconomic regulation and control; establish a reserve system for meat, vegetables, sugar, and other major staple food; establish a risk fund for non-staple food and a system for monitoring the prices of agricultural and sideline products. Fourth, we should effectively strengthen market management and concentrate on resolutely punishing such illegal acts as manipulating the markets, jacking up prices, producing and selling faked and shoddy goods, and swindling the masses so as to safeguard the interests of producers and consumers. Fifth, all departments should coordinate in carrying out the vegetable basket project well.

#### Anhui Discipline Inspection Commission Holds Session

OW0405212194 Hefei ANHUI RIBAO in Chinese 25 Mar 93 pp 1, 3

[“Resolution of the Ninth Plenary Session of the Anhui Discipline Inspection Commission”]

[Text] The ninth plenary session of the Anhui Discipline Inspection Commission was held in Hefei from 21 to 23 March. Twenty-five discipline inspection commission members attended the meeting. Attending as observers were persons in charge of the discipline inspection organs of various localities, cities, counties (districts), units directly under the province, universities, and large-sized enterprises and institutions. The plenary session, under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, revolved around the party's tasks of seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability; conveyed the guidelines of the Third Plenary Session of the Central Commission for Discipline Inspection; reviewed and summed up anticorruption fight across Anhui since 1993, especially the second

plenary session of the Central Commission for Discipline Inspection; exchanged the experience in anticorruption fight; and made arrangements for anticorruption tasks in 1994.

The plenary session deliberated and approved a report "Launching the Deep-Going Anticorruption Fight So As To Serve Anhui's Reform, Development, and Stability" by Chen Guanglin, secretary of the Anhui Discipline Inspection Commission, on behalf of the Anhui Discipline Inspection Commission Standing Committee. Lu Rongjing, secretary of the Anhui Provincial CPC Commission, delivered an important speech at the meeting. The session held that comrade Lu Rongjing's speech and Comrade Chen Guanglin's report earnestly implemented the guidelines of the Third Plenary Session of the Central Commission for Discipline Inspection; analyzed Anhui's anticorruption fight in a seeking-truth-from-facts manner; summed up the experience of anticorruption fight in 1993; and clearly defined the tasks of the anticorruption fight in 1994. The session called on party organizations at all levels across Anhui to earnestly organize the broad ranks of party members and cadres to study the guidelines of the Third Plenary Session of the Central Discipline Inspection Commission and the Ninth Plenary Session of the Anhui Discipline Inspection Commission; to further reach a unity of thinking and understanding; to meet the demands of the central authorities and the provincial party committee; to strengthen flesh-and-blood ties with the masses of the people; to adopt effective measures; and continue to carry out the deep-going anticorruption fight.

Last year was a year witnessing rapid progress in reform, opening up, and economic development in Anhui, as well as major breakthroughs in the anticorruption fight. Party organizations, governments, and discipline inspection organs at all levels across Anhui firmly carried out the party's basic line; and, based on the arrangements of the central authorities and the Anhui provincial party committee, closely revolved around the pivotal task of economic development, led the broad ranks of party members, cadres, and the people to launch a broad and deep-going anticorruption fight, and accomplished many tasks. Generally speaking, the anticorruption fight across Anhui was good and its development was healthy. To a varying extent, we scored some results in carrying out the three tasks put forward by the central authorities and basically met the demands of the central authorities and the Anhui provincial party committee. Remarkable results were scored in areas and departments where good work was done. All of these made positive contributions to maintaining political stability, promoting reform, opening up, and economic development in Anhui, as well as ensuring the implementation of the macroeconomic regulation and control in Anhui. The session held that we should fully affirm the progress and results achieved in the anticorruption fight at an earlier stage; however, we must address the issue of the unbalanced progress of Anhui's anticorruption fight. Some results are not solid, and some deep-rooted problems have yet to

be resolved. We still face a grim situation in the anticorruption fight. This is a very formidable task that needs persistent arduous efforts and allows no laxity.

In last year's anticorruption fight, various localities and departments thoroughly implemented the central authorities' arrangements, policies, and principles regarding the launching of the anticorruption fight and accumulated a great deal of experience. These experiences are mainly as follows: 1) to accord with the tasks of the central authorities and the Anhui provincial party committee, closely integrate reform, opening up, and economic development with the anticorruption fight, and ensure sustained, rapid, and healthy development of the Anhui economy; 2) to adhere to the principle of "firmly grasping two links at the same time" and truly take the responsibility of leading the anticorruption fight; 3) to fully mobilize the masses and rely on them to fight corruption; 4) to attach importance to doing a good job at every stage and concentrate efforts on management over special projects; 5) to strengthen leadership over investigation and handling of cases and make efforts toward solving major cases; and 6) to give full play to responsible institutions' functions and form joint forces to fight corruption. These experiences should be applied to guide the future anticorruption fight and improved in practice.

The session pointed out: In accordance with the arrangements of the central authorities and the Anhui provincial party committee, the general requirement of this year's anticorruption fight is to adhere to taking Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line as guidance; to thoroughly implement guidelines of the third plenary session of the 14th CPC Central Committee, the Third Plenary Session of the Central Discipline Inspection Commission, and the 10th Plenary Session of the Fifth Anhui Provincial CPC Committee in an all-round manner; to grasp the party's tasks; to closely revolve around the pivotal task of economic development; to adhere to the three anticorruption tasks; and, on the basis of consolidating achieved results, to continue to carry out effectively the deep-going and protracted anti-corruption fight; and to serve Anhui's reform, development, and stability.

First, we should continue to exercise strict supervision over leading cadres' honesty and discipline. Leading cadres of party and government organs at and above the county (section) level should strictly implement various regulations of the central authorities and the State Council regarding the strengthening of the construction of party work style and a clean government. We should continue to thoroughly implement the five-article regulations on honesty and discipline put forward by the central authorities last year. On this basis, we should firmly implement the five-article regulations put forward and reiterated by the central authorities this year:

(1) It is not allowed to violate regulations to purchase and replace imported luxury cars; it is not allowed to

abuse one's authority to change or borrow cars and extort funds for car buying from enterprises and subordinate units; it is not allowed to use loans, pooled funds, and funds for special projects to purchase cars for leading cadres. County (city) party and government organs and units that have not paid back workers' wages are not allowed to purchase cars. (2) It is not allowed to violate the State Council's regulations on the reform of the housing system to purchase homes at lower prices; it is not allowed to abuse one's authority to offer preferential conditions when purchasing homes for oneself, one's children, and relatives; it is not allowed to spend public funds on refurbishing individual's homes. (3) On their domestic official business trips, leading cadres should travel with light luggage and few attendants and should not go beyond the local standards for room and board. It is not allowed to host special dance parties for leading cadres. (4) It is not allowed to turn events into big extravaganzas, in the name of weddings, funerals, post transfers, birthdays, or house-warming. It is, especially, not allowed to spend public funds and property on hosting such events and to take the opportunity to accumulate wealth. (5) It is not allowed to abuse one's authority to delay paying back public funds; it is not allowed to borrow public funds for purchasing homes for oneself and one's relatives and friends, to build private houses, and engage in profit-earning activities.

In accordance with the guidelines of the central authorities' regulations, we should, in the light of Anhui's reality, include the correcting of party and government organs that violate regulations to spend public funds on installing telephones in their homes into the contents on cadres' honesty and discipline; and implement this together with the central authorities' five-article regulations. Leading cadres of enterprises and institutions and those of party and government organs at and above county (section) level also should implement the regulations on honesty and discipline; oppose such corrupt phenomena as abusing power for personal gain, embezzlement, taking bribes, and extravagance.

Second, we should continue to do a good job in investigating and handling major cases. We should focus on the investigation and handling of law- and discipline-violating cases of leading party and government organs and cadres, judicial departments, administrative law-enforcement departments, economic administrative departments, and their staff members; and concentrate our efforts on the investigation and handling of major cases. We should emphasize the investigation and handling of cases that involve leading cadres embezzling funds, taking bribes, and abusing power for personal gain; cases that involve law- and discipline-enforcement personnel practicing favoritism and engaging in malpractice, perverting justice for bribes, violating the law when enforcing laws, and violating discipline when enforcing discipline; and cases that involve legal bodies violating the law and discipline. We should select typical cases to make public to the masses and improve the social effects of the handling of cases.

Third, we must continue to stop unhealthy tendencies. (1) We must continue to firmly stop unwarranted levies, and place emphasis on intensifying supervision and inspection, making sure that rules are strictly followed. Efforts must be made to deal with noncompensatory use of enterprises' vehicles, computers, and telecommunications equipment by party and government organs, or their personnel, through abusing their authority; as well as the problem involving the use of various names to appropriate enterprises' funds for creating "small coffers" for organs, or using appropriated funds for projects benefiting staff workers. The unhealthy tendency of soliciting financial support from enterprises under all sorts of excuses must stop. Efforts to alleviate peasants' burdens must continue. The central government's regulations on separating the collection and use of administrative levies and fines must be firmly followed, and specific measures must be drawn up for implementing these regulations. (2) The "small coffers" of party and government organs, administrative organs, and institutions must be screened. (3) Continual efforts must be made to stop the unhealthy trend of using public funds for travelling abroad or in other parts of the country.

To safeguard the solemnity of political discipline and ensure the implementation of government orders, discipline inspection and supervisory organs at all levels must, while carrying out these three anticorruption projects, intensify their supervision over law enforcement and the implementation of democratic centralism, focusing attention on the implementation of all major decisions and measures of the party Central Committee, the State Council, the provincial party committee, and the provincial government on deepening reforms, developing the economy, and maintaining stability.

This year is an important year for implementing the guidelines laid down by the 14th national party congress, the Third Plenary Session of the 14th CPC Central Committee, and the 10th Plenary Session of the Fifth Anhui Provincial Party Committee; an important year for Anhui to achieve a sustained, rapid, and healthy economic development; and an important year for restructuring the economic system. While reform, development, and stability are arduous tasks, so is the anti-corruption struggle. The plenary session urges all party committees and governments to properly handle the relations between reform, development, stability, and the anticorruption struggle; firmly uphold the policy of promoting material civilization and socialist ethics at the same time; and regard the anticorruption struggle as part of the scheme of overall importance. We must mobilize all party members to wage the fight, party organs and government departments must join forces, and each and every organ and department has to responsibilities to fulfill. The fight against corruption must be closely coordinated with efforts to improve party conduct and work ethics, party members and cadres must be regularly educated to be mindful of their conduct and work ethics, rules and regulations governing party conduct should be drawn up, and the work ethics-related legislation must be

expedited, so that the root causes and the symptoms can be dealt with at the same time. Party and government leaders at all levels must set examples with their personal deeds. They must take the lead in implementing the Central Committee's regulations and requirements for fighting corruption and promoting work ethics, earnestly intensify supervision over the anticorruption struggle, and render assistance in doing away with interference and in dealing with thorny problems. Anticorruption propaganda must be further intensified and a good environment for the media to join in the fight against corruption should be created.

To keep pace with the anticorruption drive, discipline inspection and supervisory organs must be even stronger. As advisors and important assistants to party committees and governments in improving party conduct and work ethics, discipline inspection and supervisory organs play the role of organizing, coordinating, and guiding the struggle. Cadres, especially leading cadres, of all discipline inspection and supervisory organs must earnestly study Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, study the unabridged version in the light of the actual state of affairs, and use the guidelines to guide their work. Leading bodies of all discipline inspection commissions must abide by the party principle for democratic centralism, exercise collective leadership and share responsibilities, work with greater unity and coordination, and do their jobs with concerted efforts. We must sum up experiences of improving efficiency by merging offices, and continue to streamline our organization, organs, operations, and operating procedures so that each organ will have two different functions. All organs must intensify their ideological and operational construction. They must educate their cadres to uphold the concept of taking overall interests into account and guide their cadres to study the market economy so that they can do their jobs more efficiently. Organs must also intensify investigation and study and do their jobs creatively.

The plenary session believes that, as long as party committees and governments at all levels firmly implement the decisions of the Central Committee and the provincial party committee on fighting corruption, have a consensus of view, earnestly strengthen leadership, fully mobilize the masses to follow through with the project, this year's anticorruption drive certainly will achieve new success.

#### **Jiangsu Discipline Inspection Commission Meets**

OW0405133594 Nanjing XINHUA RIBAO in Chinese  
17 Mar 94 p 3

[*"Resolution of the Eighth Plenary Session of the Jiangsu Provincial CPC Discipline Inspection Commission (adopted on 16 March 1994)"*]

[Text] The Eighth Plenary Session of the Jiangsu Provincial CPC Discipline Inspection Commission was held in Nanjing 15-16 March 1994. Thirty-three members of the

commission attended the session. The secretaries of various city discipline inspection commissions, the directors of various city supervisory bureaus, and the responsible persons of various departments of provincial-level organs, of various units directly under the provincial government, and of the discipline inspection and supervisory organizations under the party groups (party organizations) of schools of higher learning in Nanjing attended the session as observers. The Standing Committee of the Jiangsu Provincial CPC Discipline Inspection Commission presided over the session.

The guidelines of the Third Plenary Session of the CPC Central Committee's Discipline Inspection Committee and the important speech made by General Secretary Jiang Zemin at the plenary session were reported and studied at the plenary session. The guidelines of the State Council's meeting on anticorruption work and the important speech made by Premier Li Peng at the meeting were also reported and studied at the plenary session. The plenary session held that the fact that the Central Committee called on the whole party, while taking Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as the guide and keeping in mind the overall interest of party work, to deepen the anticorruption struggle in a sustained and more effective way is ample proof that the party Central Committee and the State Council are determined to combat corruption, improve party work style, and promote the building of a clean government, and demonstrates the common desire of the whole party and the people across the country. The plenary session unanimously expressed its support for this call and its determination to carry it out.

The plenary session heard the speech made by Chen Huanyou, secretary of the Jiangsu provincial party committee and Jiangsu governor. It agreed that the requirements for deepening the anticorruption struggle set by Comrade Chen Huanyou in line with the guidelines of the Central Committee are clear, and the measures he proposed are forceful and that since they are in line with the Jiangsu's reality, they must be earnestly implemented. The plenary session discussed and endorsed the "Opinions on Implementing the Guidelines of the Third Plenary Session of the Central Discipline Inspection Commission and Deepening the Anticorruption Struggle in a Sustained and More Effective Way" delivered by Cao Keming, deputy secretary of the Jiangsu provincial party committee and secretary of the provincial discipline inspection commission, on behalf of the Standing Committee of the provincial discipline inspection commission.

The plenary session maintained that the party committees, governments, and discipline inspection organs at all levels across the province have done a large amount of work in conscientiously implementing the party Central Committee's and the State Council's "Decision on Successfully Handling a Few Tasks Related to the Anticorruption Drive in the Near Future," that the anticorruption drive has enjoyed a healthy development, and that

Jiangsu has achieved phased, marked successes in carrying out the three tasks since we began implementing the guidelines of the Second Plenary Session of the Central Discipline Inspection Commission in August 1993. However, we must be aware that the progress of the work is still uneven, that some successes are not consolidated, and that negative and corrupt phenomena are still very serious at present. By no means can we afford to slacken the anticorruption drive in the slightest degree. It is necessary for party organizations at all levels and the broad masses of party members across the province to conscientiously study the guidelines of the Third Plenary Session of the Central Discipline Inspection Commission as well as Comrades Jiang Zemin's and Li Peng's important speeches, to further improve understanding, to seek unity of thinking, to resolutely launch the anticorruption drive in depth and over a protracted period of time in accordance with the anticorruption work-related plans and requirements of the central authorities and the provincial party committee while consolidating the successes we have achieved so far, to make efforts to successfully fulfill various tasks, and to achieve greater successes than last year's.

We must conscientiously do a good job in ensuring that leading cadres of the party and government are honest and exercise self-discipline. Leading cadres of the party and government organs at and above the county (department) level must continue to implement the five regulations put forth by the central authorities last year as well as the three requirements put forth by the provincial party committee, and must conscientiously implement the five regulations put forth and reiterated by the central authorities this year. We must combine the efforts to ensure party and government cadres' honesty, self-discipline, self-inspection, and self-correction with organized supervision and supervision by the masses to guarantee that all regulations are practically implemented. Cadres of the party and government organs at and below the county (department) level must behave themselves in conformity with the regulations on cadres' honesty and self-discipline, too. Leading cadres of enterprises and institutions also must be honest, exercise self-discipline, observe disciplines, abide by laws, and oppose various negative and corrupt phenomena, such as abusing power to seek personal gains, committing embezzlement, taking bribes, and indulging in squander and waste.

We must further step up efforts to handle criminal cases and concentrate efforts on investigating big, important cases. We must persist in treating the investigation of discipline-violating and law-breaking cases involving leading bodies and leading cadres of the party and government, judicial departments, administrative law-enforcing departments, economic administration departments, and their working personnel as the major work. We must focus attention on investigating cases involving leading cadres' committing embezzlement, taking bribes, and abusing power for personal gains; cases involving law and discipline-enforcing personnel's committing

malpractices out of personal consideration, perverting justice for a bribe, and breaking the laws during law enforcement; and discipline-violating and law-breaking cases involving legal persons. We must resolutely implement the policy of being strict with party members and government functionaries, strictly enforce the laws and discipline, and sternly punish corrupt elements. Those who violate party and government discipline and criminal law must be dealt with in strict accordance with the party and government discipline and the laws. We absolutely must not let corrupt conduct have a "lenient environment" or let corrupt elements do whatever they like and remain at large. We must resolutely eliminate the phenomena of refusing to observe discipline or abide by laws and the phenomena of being lax in enforcing discipline and laws. We must sternly deal with those who give unprincipled protection to and harbor law and discipline violators. We must further strengthen coordination among discipline inspection organs, supervisory organs, judicial organs, and departments supervising administrative law enforcement to form a combined, integral force for handling cases and to improve the efficiency of big, important cases' investigation. We must continue to improve the work of treating the people's letters and complaints as well as the work of encouraging the people to report law and discipline-violating cases to the authorities, and practically protect the legitimate rights and interests of informers. We must commend and encourage those who have rendered meritorious services in informing against others for law and discipline violations, and sternly deal with anyone who retaliates against informers.

We must practically succeed in carrying out special tasks for sorting out unhealthy practices and in rectifying them. We must continue to conscientiously sort out and rectify unwarranted collection of fees. Collection of unwarranted fees whose cancellation has been announced must be stopped. From now on, any new item of fee for collection is not permitted to be arbitrarily added to the existing items without the provincial authorities' prior approval. We must pay close attention to implementing the regulations that accounting of revenues and expenditures of administrative levies and fines must be done separately. We must conscientiously check up on and rectify illegal possession and noncompensatory use of enterprises' vehicles, computers, and communication equipment by organs or individuals; transferring enterprises' funds under various pretexts to the illegal coffers set up by institutions for their private use or to be used for the welfare of staff and workers; and other unhealthy practices. We must resolutely put an end to the unhealthy practice of requisitioning donations from enterprises under various pretexts. We must continue to pay close attention to sorting out the party and government organs' setting up enterprises and doing business. We must resolutely finish the work of handling the economic entities set up by organs which are not permitted to set up enterprises and the economic entities which are required to terminate their relationship with organs by the end of June. We must continue to do a

good job of lightening peasants' burden, resolutely reduce their unreasonable burden, do a good job of checking up on and rectifying the use of public funds on travels abroad (outside national boundaries) for tourism from start to finish, strictly examine plans for travel abroad (outside national boundaries) on official business before granting approval, and resolutely curb the excessive activities of traveling abroad (outside national boundaries) on official business.

The plenary session maintained it is necessary for us to fight corruption by looking into both its root cause and symptoms, to take comprehensive measures to deal with the problem, and to persist in encouraging honesty and industriousness in the performance of official duties. We must improve education in adherence to the party's mass line, in its purpose of serving the people wholeheartedly, in fighting corruption and advocating honesty, and in professional ethics among the vast numbers of party members and cadres. We must conduct widespread activities of education in enhancing the concept of party spirit and in setting an example of honesty in the performance of official duties among party members and cadres. We must vigorously encourage healthy trends and carry forward the fine tradition and work style of being honest and industrious in the performance of official duties for the people. We must strengthen the building of a legal system; we must establish and perfect a system on improving party style, running a clean and honest government, and encouraging industriousness in the performance of official duties; and we must improve the mechanism of interaction through supervision and strengthen democratic supervision by the masses in a bid to make our drive to improve party style as well as the running of a clean and honest government gradually embark on a track of standardization and systematization.

The plenary session called on discipline inspection organs and supervisory organs at all levels to conduct supervision over law enforcement at focal points in a planned way by revolving their efforts around the implementation of the important decisions and measures adopted by the party Central Committee, the State Council, the provincial party committee, and the provincial government on deepening reform, promoting economic development, and maintaining stability. They are required to expose, investigate, and deal with in a timely manner those who refuse and fail to enforce orders and prohibitions, practice fraud to deceive superiors and delude subordinates, harm the interests of the whole out of consideration for local interests, interfere with reform and development, use public office for private gain, abuse power for personal gains, and neglect their duties so as to guarantee the smooth implementation of various policies and measures adopted for reform and development.

The plenary session stressed that the party committees and governments at all levels must strengthen leadership over the anticorruption work, that they must practically adhere to the strategic principle of "grasping two links

and taking a tough stand on both at the same time," that they must mobilize all party members, that the party and government must make joint efforts to handle their work, that the principal comrades in charge of the party and government [organizations] must personally pay attention to the work, that they must persist in the leadership responsibility system, that those at the higher level must supervise the work of those at the lower level and set an example for the latter, and that those at higher and lower levels must take concerted actions to guarantee that various anticorruption tasks are carried out to the letter. They must give full play to the role of press units to successfully publicize the anticorruption drive. They must strengthen leadership over discipline inspection and supervisory work and support such organs to fulfill their duties and successfully carry out their work. The discipline inspection and supervisory organs at all levels must further improve themselves, actively fulfill their duties of discipline inspection and supervision, and promote their work to a new level.

The plenary session called on Jiangsu's party organizations at all levels and its broad masses of party members to resolutely implement the guidelines of the Third Plenary Session of the Central Discipline Inspection Commission, to unite as one, to handle tasks in a down-to-earth manner, to unswervingly launch the anti-corruption drive, and to make new contributions to deepening reform, opening up wider, promoting economic development, and maintaining social stability under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line.

### Construction Begins on Jiangsu's Suzhou Industrial Park

OW0405164494 Beijing XINHUA in English 1519  
GMT 4 May 94

[Text] Suzhou, May 4 (XINHUA)—Construction started today on the Suzhou Industrial Park in Jiangsu Province, a joint land development project between China and Singapore.

The project is designed to develop a modern industrial park of considerable size, with modern industries as the main structure, and new and high-tech as the leading sectors, complemented by service industries and public welfare services.

In detail, with complete infrastructural facilities, the park will include industrial and residential areas, schools, hospitals, parks, sports grounds, and grasslands.

The park, situated to the east of this scenic city in eastern China, will ultimately be developed to cover an area of 70 sq km. The area for the first-phase development is eight square km. The entire project will be completed in ten years.

The project was put forward in October last year, and on February 26 this year, Chinese Vice-Premier Li Lanqing

and Singapore Senior Minister Lee Kuan Yew signed the joint development agreement in Beijing, with Chinese Premier Li Peng and Singapore Prime Minister Goh Chok Tong present.

From March 5 this year, the two sides have been busy training management personnel and wooing international investors to the park.

### Jiangsu's Taxation Reform Helps Foreign Companies

OW0505082394 Beijing XINHUA in English 0621  
GMT 5 May 94

[Text] Nanjing, May 5 (XINHUA)—China's current reform of its taxation and foreign exchange systems has made it favorable for the healthy growth of foreign-funded enterprises instead of obstructing it.

The conclusion has been drawn from facts in Jiangsu Province over the past few months since the institution of the new taxation and foreign exchange systems at the beginning of this year. Jiangsu ranks the second in China in terms of the number of foreign-funded enterprises.

The Nantong Chia Tai Group Company, a Sino-Thai joint venture in Jiangsu Province, reported a gain of 3.7 million yuan in profits in the first quarter of this year. It has decided to spend an additional three million yuan on upgrading its technology and equipment.

"We firmly endorse the new tax system and take the lead in implementing it," said Tanes Seriburi, vice-president of the agro-ind. business group under the Chia Tai group of companies, in a letter to the provincial tax authorities.

Kam Sueg Hoon, manager of the Lianyungang Jinwu Seasoning Company Ltd, said, "the new tax system is getting closer to international conventions. It has many points in common with the tax system in the Republic of Korea. It is much easier to understand than the old one."

Teruji Kawakami, general manager of the Nanjing Fujitsu Telecommunications Equipment Company Ltd, complained of increased expenditure due to the unification of the exchange rates, but he had to admit that the reform is fair to all enterprises in the country.

He is optimistic about the future of his company in China as China's market of posts and telecommunications is fast expanding.

China abrogated the former consolidated industrial and commercial tax, which required tax payment at every link of production and circulation, and instituted the value-added tax, which requires part of the former tax payment. Parallel with the reform is the unification of the state pegged rate and the swap market rate.

"The reform measures are favorable for further opening to the outside world and promote the development of foreign-funded enterprises," said Wong Ronghua, director of the provincial tax bureau.

"The reforms have equalized the tax burdens of all enterprises, thus putting them on an equal footing in competition," he said. "The new tax system would make it favorable for enterprises to improve their economic efficiency."

Jiangsu had approved 21,161 foreign-funded enterprises by the end of March this year, ranking second in the country after economically booming Guangdong Province in southern China. More than 8,000 of them are in operation.

A sample survey shows that most of the foreign-funded enterprises have expressed their understanding of and welcome for China's current reform. "While the new tax system is being enforced, the preferential policies with regard to income tax on foreign-funded enterprises remain intact," he said. "For foreign-funded enterprises which have their tax burden increased due to the payment of turn-over taxes, the province adopted the method of postponing such payment pending the promulgation of the detailed rules for the implementation of the state regulations on tax refund for foreign-funded enterprises."

He said that the current tax reform has in fact reduced to varying degrees the tax burdens of most foreign-funded enterprises.

A survey of six foreign-funded enterprises in Zhenjiang shows that five have found their tax burdens down while only one said its tax burden has increased. Computed according to the base figure of 1993, the average tax burden of the six enterprises has been reduced by 31.9 percent.

The reform of the exchange rate system over the past four months proved that it has not caused any difficulty to foreign-funded enterprises in the use and settlement of foreign exchange.

Zhang Bingyu, chairman of the Jiangsu Provincial Foreign Exchange Center, said foreign exchange markets and offices are still carrying on their business of servicing foreign-funded enterprises which sell and purchase foreign currencies.

According to statistics, foreign-funded enterprises sold 124 million U.S. dollars on and purchased 266 million U.S. dollars from these markets and offices in the first quarter of this year.

Zhang noted that a foreign-funded enterprise may open a foreign currency account with a bank and transfer and use its foreign currency. So far, the province has 175 banking offices engaged in such business, ranking first in the country.

A survey of 5,078 foreign-funded enterprises shows that these enterprises generated industrial output value amounting to 10.37 billion yuan in the January-March period, up 56 percent over the same period of last year,

obtained sales income totalling 7.82 billion yuan, up 60 percent, and made profits of 180 million yuan, up 29 percent.

These enterprises exported 346 million U.S. Dollars-worth of goods in the first quarter of this year, an increase of 18.5 percent over the same period last year, and accounting for more than one fourth of the province's total.

According to the survey, there

are still a few foreign-funded enterprises affected by the reform of the tax and exchange rate systems and their production cost has increased.

"So long as these enterprises improve their production management, they are still able to gain ideal economic efficiency," an official in charge of the survey said.

One example is the Huafei Color Display Systems Company Ltd, a large Sino-Dutch joint venture in Nanjing, capital of Jiangsu Province. The company has overcome the rise in the cost of production materials by rearranging its product structure, raising the percentage of product qualification and reducing production costs.

The company exported more than three million U.S. dollars-worth of products in the first four months of this year.

According to the provincial commission of foreign economic relations and trade, a number of noted companies from the Netherlands, Britain, Singapore and Japan have increased their investments in Jiangsu this year.

#### Listed Companies Fuel Pudong's Development in Shanghai

OW0505075594 Beijing XINHUA in English 0730  
GMT 5 May 94

[Text] Shanghai, May 5 (XINHUA)—The listed companies in the Pudong New Area of Shanghai, China's largest economic center, are leading the area's economic development.

Pudong is a newly-established economic zone that is expected to lead the transformation of Shanghai's industrial and financial sectors.

According to the latest statistics, Pudong commended 100 robust industrial enterprises last year, and seven of the first ten have listed their stocks on the Shanghai Stock Exchange.

These 100 enterprises generated profits totalling 3.323 billion yuan last year, accounting for 77.8 percent of the total in the area.

Included was 1.03 billion yuan made by the seven listed companies, about one third of the profits generated by the 100 enterprises.

A local official said that these companies are able to raise funds at home and abroad to boost production, and the market economy has forced them to alter their operational mechanism so as to ensure rapid economic growth.

Of the 100 industrial enterprises, 17 are listed companies, 24 foreign-funded ones, and the rest major state enterprises and rural industrial businesses.

#### Zhejiang Procuratorate Work Report

OW0405103894 Hangzhou ZHEJIANG RIBAO in Chinese 13 Mar 94 p 3

[ "Excerpts of the Zhejiang Provincial People's Procuratorate Work Report Delivered by Ge Shengping, chief procurator of the Zhejiang Provincial People's Procuratorate, at the Second Session of the Eighth Zhejiang Provincial People's Congress on 2 March" ]

[Text] In 1993, procuratorial organs in the province, under the leadership of the provincial CPC committee, various levels of party committees, and the Supreme People's Procuratorate, and under the supervision of various levels of people's congresses and their standing committees, persisted in treating the economic construction as the central task; implemented the policy of "promoting the reform and opening up with one hand and cracking down on serious crimes with the other and of placing equal emphasis on both"; took an overall view of the procuratorate work through strict enforcement of the law and working hard at cases; stressed handling of major and important cases; strengthened supervision over law enforcement; achieved new progress in the procuratorate work; and brought into play the functions and roles of the procuratorial organs in maintaining political and social stability, promoting the reform and opening up, and developing the economy.

#### I. Give Particular Emphasis to Investigate Into and Handle Major and Important Economic Crimes, Including Corruption and Bribery Cases

The process of establishing a socialist market economic system has effectively brought about economic development. However, because of new systems replacing the old ones and because of a lack of complementary legal systems and management measures, economic crimes, including corruption and bribery cases, tend to grow; this tendency has even infiltrated into the political domain. Because of various reasons, the number of economic crime cases, including corruption and bribery cases, reported by the masses and placed on file by the procuratorial organs for investigation registered a sharp drop at one time in the first half of 1993. This caused great dissatisfaction among the broad mass of the cadres and the masses. From the second half of the year, particularly following the important decision adopted by the CPC Central Committee in August on enhancing the anticorruption struggle, the province's procuratorial organs conscientiously implemented the CPC Central Committee's decision; relied closely on party leadership and the

masses' support; concentrated energy on investigating into and handling major and important cases; stepped up efforts to crack down on economic crimes, including corruption and bribery cases, by adopting a resolute attitude and a down-to-earth work style and by paying close attention to case-handling quality. Following are the initial results of the anticorruption struggle:

**Major and Important Cases That Have Been Put on File for Investigation and Handling Increase Markedly**

In 1993, economic crime cases, including corruption and bribery cases, that were placed on file for investigation and handling totalled 1,958, of which 1,219 were major and important cases, or 62.3 percent of the cases that were placed on file for investigation and handling, representing an increase of 18.6 percent over 1992; particularly serious cases involving over 100,000 yuan topped 152, doubling those in the previous year. The proportion of major and important cases and the number of particularly serious cases set all-time records. Major and important cases that were placed on file for investigation and handling after August in 1993 were 699, or 57.3 percent of all the major and important cases that were placed on file for investigation and handling in that year, up 1.43 fold as compared with the same period in 1992. Thanks to stepped-up efforts on case- investigation, the province's procuratorial organs helped the state and collectives recover 65.74 million yuan in economic losses.

**Remarkable Progress was Reported in Investigating Criminal Cases, Including Corruption and Bribery Cases, Involving Personnel Working at Party and Government Organs, Judicial Departments, Administrative and Law Enforcement Departments, and Economic Management Departments**

A total of 366 persons who worked at the aforementioned organs and departments were put on file for investigation and handling for involvement in economic crimes ranging from corruption to bribe-taking, accounting for 16.3 percent of the total number of cases which were placed on file for investigation and handling; 156 were involved in major cases amounting over 10,000 yuan, including 56 party and government personnel, 23 judicial personnel, 17 administrative law enforcement personnel, and 60 financial personnel; 99 were cadres at department and section level and nine were cadres working at county governments at departmental level or above.

**A Number of Major Criminal Cases That Seriously Disrupted Socialist Market Economy's Order Received Timely Investigation and Handling**

Coordinating with the decision of the CPC Central Committee to strengthen macroeconomic regulation and control, various levels of procuratorial organs placed on file for investigation and handling according to the law a number of criminal cases including corruption, bribery,

embezzlement cases that were exposed during the rectification of the financial order, of which 60 were particularly serious cases, up 62.2 percent from the previous year. To ensure legitimate and fair competition, various levels of procuratorial organs also stepped up efforts to crack down on such crimes as trademark infringement, tax evasion, and refusal to pay taxes; 108 cases were placed on file for investigation into the crime of trademark infringement, an increase of 10.2 percent over the previous year; 235 tax-invasion and refusal-to-pay taxes cases, of which 183 were particularly serious ones, were also placed on file for investigation and handling.

**The Masses' Enthusiasm for Informing on Economic Crimes Was Further Encouraged and Mobilized**

The number of cases in which the masses reported on economic crimes rose sharply, particularly following the decision adopted by the CPC Central Committee in August to strengthen the anticorruption drive. By the end of 1993, the province's procuratorial organs accepted and handled 15,292 cases reported by the masses, of which 9,013 gave clues to corruption and bribery cases, up 31.9 percent and 35.4 percent, respectively, from the previous year. This produced a shattering effect on some economic criminals. The province saw 84 economic criminals involved in corruption and bribery cases surrendering themselves to procuratorial organs.

Procuratorial organs in the province stressed the following in investigation into and handling corruption:

**1. Stepped Up Leadership and Make Constant Efforts To Achieve a Common Understanding**

In this regard, redoubled efforts were made to settle two questions: First, we enhanced our confidence and resolve in executing the drive. Under the new situation, procuratorial organs have encountered many new circumstances and new problems in punishing such economic crimes as embezzlement and bribery. For a while early last year, a few procuratorial units and cadres balked at punishing economic crimes like embezzlement and bribery for fear of difficulty. The provincial procuratorate took quick action in March and April by sending personnel to carry out an extensive investigation and analysis of the new circumstances and problems at the grass-roots level and to formulate measures to deal with them. A provincial antibribery work conference in May particularly addressed the aforementioned problems in regard to understanding. It guided the cadres to acquire a clearer understanding of the situation, plucked up their spirit, and enhanced their resolve to energetically prosecute cases, serious and important cases in particular. Second, we clearly defined the guiding principles for our work. In line with the policy decision of the CPC Central Committee on stepping up the anticorruption drive, the provincial procuratorate convened a forum of chief procurators and held a telephone conference on the investigations and prosecution of major economic crimes involving embezzlement and bribery. The two

meetings educated and guided cadres to enhance their awareness of overall interests; to enhance their resolve to uphold the party's basic line; to serve unwaveringly the central task of economic construction; to strictly enforce the law and aggressively prosecute crimes—serious and importance cases in particular—as their primary task and principal means in serving economic construction. The meeting called for firmly implementing the principle of "being firm, meticulous, and accurate," stepping up investigations and research, drawing a clear distinction between what constitutes a criminal offense and what does not, emphasizing accuracy in prosecuting cases, and heeding the social effect of the cases prosecuted. The meetings also outlined the work policy of "prosecuting crimes aggressively, giving priority to major cases, strictly enforcing the law, and ensuring quality." As a result, the broad ranks of procuratorial cadres enhanced their understanding of the importance and urgency of punishing graft, bribery, and other economic crimes; heightened their sense of responsibility and mission; and brought their enthusiasm and initiative into better play.

## 2. Concentrated Efforts on the Investigation and Prosecution of Major Cases

The principal measures implemented in this regard are as follows: 1) chief procurators take personal charge in prosecuting cases. A division of responsibilities was instituted among the chief and two deputy chief procurators of the provincial procuratorate and they all took personal charge of major cases that had an impact provincewide. Localities also implemented a similar system whereby the chief or deputy chief procurators were required to take personal charge of major cases. Over the past year, chief procurators at all levels in the province personally took part in the investigation and prosecution of 635 major cases. 2) Lists of major cases were compiled by phases and procurators were assigned to handle them. The province stepped up supervision and guidance over prosecutions and redoubled efforts in investigation and prosecution. The provincial procuratorate drew up three such lists comprising 115 major cases of embezzlement and bribery. By the end of last year, investigations were completed in 103 of the cases on the lists and court proceedings were started in 72. 3) Crime investigative efforts were redoubled. Special attention was paid to uncovering cases—serious and major violations in particular—involving party and government organs through the investigation of ordinary cases. 4) Efforts were stepped up in capturing criminals at large. The province stepped up efforts in investigating cases involving people who absconded with money after committing a crime, promptly arresting more than 30 such criminals, of whom nine were guilty of embezzling or taking bribes amounting to over 100,000 yuan. 5) Instituted a system of responsibility and incentives for the investigation of major cases. Chief procurators at all levels are required to take personal responsibility for the investigation of major cases in their respective jurisdictions or localities; the procuratorate at the lower level is required to answer to the procuratorate at the next

higher level and the latter is required to provide, on its own initiative, guidance and assistance when the lower level encounters difficulties in its work. The provincial procuratorate promulgated "Regulations on Awarding and Commending Collectives or Individuals With Meritorious Services in Cracking Major Cases of Embezzlement and Bribery." Collectives or individuals with excellent services in investigating and prosecuting major cases were commended and rewarded in a timely fashion.

## 3. Encouraged People To Report on Crimes

At the fifth anniversary of the establishment of corruption investigation and crime hunting centers, procuratorial organs in the province launched a propaganda month on crime reporting and mounted a well-organized publicity campaign. Meanwhile, efforts were stepped up in sieving tips received to better utilize the information and to speed up investigations of major offenses. Thanks to such tips, 455 major cases were placed on file for investigation. Information provided by the masses was crucial for the successful prosecution of most of the nine major cases in Zhejiang involving cadres at the section level or higher. Procuratorates also took great care in protecting the legitimate rights and interests of the informants and the persons they informed against; they prosecuted 14 cases involving retaliation against informants and 13 cases of false charges against innocent people.

## 4. Depended on Party Committees' Strengthened Leadership and Supervision of People's Congresses and Closely Cooperated and Coordinated With Departments Concerned

Anticorruption struggle must be guided under the strong leadership of party committees. Procuratorial organs at all levels frequently asked for instructions from and reported to party committees. With the help from party committees at all levels, procuratorial organs unified awareness, eliminated the barriers and interferences encountered while prosecuting cases, and resolved such practical difficulties as lack of funds for prosecuting cases. People's congresses and their standing committees at all levels attached great importance to the anticorruption struggle. Procuratorial organs received supervision and support from the people's congresses. The provincial procuratorate invited some deputies to the national or provincial people's congresses to attend forums and heard people's deputies' views on the anticorruption struggle. In September, the provincial procuratorate made a special report on law enforcement and supervision over such economic crimes as embezzlement and bribery to the standing committee of the provincial people's congress. In the second half of the year, procuratorial organs in various localities launched a campaign to vigorously receive people's congresses' appraisal opinions on judicial organs and started a large-scale inspection of law enforcement. Focused on the problems discovered in the self-inspections and opinions solicited from the people's congresses, procuratorial organs conscientiously rectified and reformed themselves. The

chief procurator personally supervised and prosecuted cases which had received most attention from the people's congresses. Procuratorial organs at all levels strengthened contacts, communicated, coordinated, and cooperated with the discipline inspection, supervision, and other judicial organs to unify their strength.

#### 5. Strictly Enforce the Law and Ensure the Quality of Cases Prosecuted

Procuratorial organs conscientiously carried out the Constitution and laws and strictly prosecuted cases according to law. Adhering to the principle of prosecuting cases resolutely, carefully, and correctly, we decisively and accurately punished criminals. At the same time, we paid attention to formulating methods and strategies and made contributions to economic development by seriously prosecuting cases. Procuratorial organs adhered to the principles, faced up to difficult work, eliminated interferences and barriers, and prosecuted cases without fail. Moreover, we did a careful and solid job in prosecuting cases. While deciding on verdicts, we insisted on making judgments on the basis of facts according to law. As to observing laws and policies, we strictly followed laws and implemented reform policies. With regard to new situations and problems arising in the law enforcement process, we stressed the need of studies and investigations and carefully dealt with these problems. Procuratorial organs firmly cracked down on crimes of various kinds, enthusiastically supported new things coming up in reform, guarded development of productive forces, and protected the initiative of the broad masses of cadres and people.

#### II. We Insisted on Severely and Swiftly Cracking Down on Grave Crimes To Preserve Social Stability

Procuratorial organs across the province insisted on regarding severely clamping down on serious crimes as important work for maintaining social stability and for ensuring that reform, opening up, and modernization drive were carried out smoothly. They faithfully implemented the policy of severely and swiftly punishing criminals according to law and unrelentingly clamped down on all kinds of serious crimes. Last year, 27,330 criminals were referred to procuratorial organs by public security organs, of which 24,109 were arrested according to law; and 27,126 criminals were indicted, of whom 22,943 were prosecuted. Arrested and prosecuted criminals in 1993 were respectively 21.1 percent and 14.6 percent more than the previous year.

##### 1. We Insisted on Stepping in Early and on Swiftly Arresting and Indicting Felony Criminals Caught in Action

We swiftly responded to felony crimes involving man slaughtering, robbery, raping, hooliganism, and explosions, and cases involving use of violence. We stepped in such cases early and swiftly arrested and indicted criminals according to law. Last year, procuratorial organs began early to handle 3,310 exceptionally grave criminal cases and a number of felony criminals who were caught

in action and those who had bad influence on society were severely and swiftly punished.

##### 2. We Actively Took Part in the "Three Crackdowns and One Prohibition" Struggle

In compliance with the resolution adopted by the Fourth Meeting of the Eighth Provincial People's Congress Standing Committee on resolutely cracking down on grave crimes, and following the work plan for carrying out the "Three Crackdowns and One Prohibition" struggle—which centers on clamping down on crimes committed by groups of criminals—which was laid down by the Provincial Committee For Comprehensive Management of Public Security, the Provincial Procuratorate issued a circular in a timely manner setting out specific guidelines for all procuratorates to take part in the struggle. Following the unified planning of the local party committee and a procuratorate at a higher level, procuratorates across the province took swift actions and actively threw themselves into the struggle. In carrying out their work, all procuratorates placed importance on conducting investigations and on looking into the real situations; focused on dealing with key problems; and strictly enforced the policy and laws. On cases submitted for examination to decide whether those involved should be arrested and indicted, procuratorial workers worked overtime to do their work and ensured that their work was done quickly and accurately. During the first and second battles of the struggle, a total of 18,137 criminals who had committed various crimes were arrested, of whom 16,815 were indicted, thereby ensuring that the struggle would be carried out properly.

##### 3. We Stepped Up Crackdown on Smuggling, Illegal Exiting the Country by Boat, and Other Crimes

Last year, 32 smugglers, of whom 13 were grave criminals, were arrested and indicted. In view of the fact that illegally exiting the country by boat is quite a serious problem in some localities, and according to the guidelines of the provincial meeting on fighting illegally exiting the country by boat, relevant procuratorates, in conjunction with local public security organs, ensured that such crimes were duly dealt with. A deputy chief procurator of the provincial procuratorate who was in charge of illegal exit led a team to Lishui County and Qingtian County to conduct investigations and to provide guidance on work in this regard.

##### 4. We Took Active Part in Comprehensive Management of Public Security

Conscientiously implementing the policy of combining stern punishment with leniency, cracking down on a small number of criminals, and saving the majority of offenders through reeducation, procuratorial organs throughout the province resolutely gave swift, stern punishments to both principal and habitual criminals, and paid attention to saving first offenders, casual offenders, and juvenile delinquents who had committed misdemeanors through reeducation. Giving play to their role of making procuratorial suggestions, they made 386

procuratorial suggestions to help the units at which criminal cases had occurred consolidate situation, make corrections, plug loopholes, improve systems, and prevent crimes. They visited criminals absolved from prosecution more often to step up test and judgment of the latter, helped with the implementation of supervision and reeducation measures, and promoted obedience of the laws and confession to crimes by those absolved from prosecution. In accordance with the party committees' centralized plan, they closely coordinated with relevant departments to properly handle contingencies, to deal a swift, heavy blow to heinous criminals in accordance with the laws, and to step up the propaganda of and education in the legal system among the masses, thereby eliminating destabilizing factors in good time and maintaining social stability.

### **III. We Conscientiously Investigated and Dealt With Criminal Cases of "Infringement on Others' Rights" and Dereliction of Duty, and Protected Citizens' Legitimate Rights and Interests, as Well as National Interests**

Procuratorial organs throughout the province earnestly treated the investigation and handling of such criminal cases as "infringement on others' rights" and dereliction of duty as an important aspect of and measure for intensifying the anticorruption drive and for cementing the flesh-and-blood ties between the party and the masses. They practically attached importance to the task. A total of 2,393 various law-breaking and discipline violations were handled in the whole province. Among them 427 cases were placed on file for investigation; 64 of them were specially big criminal cases. Procuratorial organs throughout the province retrieved economic losses worth more than 2.71 million yuan for the state and collectives through their handling of cases.

#### **1. We Focused on Investigating and Handling Criminal Cases Involving Law-Enforcement Personnel**

We put on file and investigated 16 criminal cases involving 20 judicial and administrative law-enforcement personnel who perverted the law by taking bribes, conducted fraudulent practices out of personal considerations, and extorted confessions by torture. Among these cases, seven were committed by nine law-enforcement personnel who conducted fraudulent practices out of personal considerations, representing the largest number in recent years.

#### **2. We Attached Importance to Investigating and Handling Criminal Cases Involving "Rights-Infringement" and Dereliction of Duty, Committed in the Process of Conducting Economic Activity**

Provincewide, we put on file and investigated 50 criminal cases involving illegal detentions in the process of carrying out business and trade activities; 146 major cases involving incidents arising from negligence during the process of production, operation, and construction; and 48 criminal cases involving dereliction of duty. Forty-four of the above cases were of serious or major proportions. When investigating and handling the above

criminal cases, procuratorial organs focused on analyzing the root causes of crimes, on summing up experiences, on making suggestions about prevention, and on helping relevant units and departments heighten their guard.

#### **3. We Actively Investigated and Handled Crimes of Disrupting Elections, Thus Ensuring the Smooth Progress of End-Of-Term Elections**

During last year's end-of-term elections for people's congress deputies, procuratorial organs throughout the province regarded efforts to enhance procuratorial functions and ensure the smooth progress of end-of-term elections as their major political tasks, took the initiative to strengthen their contacts with relevant departments, kept themselves abreast of crimes committed to disrupt elections in violation of the law, and put on file and investigated according to law cases involving actions which constituted crimes. As regards ordinary cases involving law violations, procuratorial organs promptly passed them to relevant departments for further handling after conducting thorough investigations. Provincewide, procuratorial organs accepted, heard, and conducted initial investigations into 77 cases involving disruptions of elections, and put on file and investigated 16 of these criminal cases.

#### **IV. We Strengthened Supervision Over Law Enforcement and Safeguarded the Socialist Legal System**

Safeguarding the unified and correct enforcement of state legislation is an important function of procuratorial organs. Since 1993, procuratorial organs throughout the province have satisfied the requirements imposed on the legal system by the socialist market economic system; earnestly observed the principle by which we ensure that "there are laws to abide by, that laws already enacted are observed and enforced to the letter, and that violators are brought to justice"; and focused on strengthening the legal supervision of law-enforcement activities through various procuratorial undertakings.

In our legal supervision over investigative activities launched by investigative organs, we exercised supervision by tracking the actual situation in which arrests of criminals were approved and made, and using this as our breakthrough point, focused on tightening procuratorial supervision over such issues as failure to investigate an offense. We submitted to public security organs a total of 343 suggestions for correcting violations of the law, arrested an additional 198 criminals according to law, indicted an additional 199 people, and decided against arresting 1,734 people and indicting 71 others. As a matter of checks and balances, we also tightened supervision over cases under investigation by procuratorial organs. Following investigations and inspections made by criminal investigative departments, we arrested and indicted five more people involved in criminal cases pertaining to economic activity, law, and discipline, and rejected requests to arrest 25 people and indict 11 others.

In exercising legal supervision over judicial activities carried out by judicial organs, we focused on strengthening our efforts to contest cases according to law. In criminal trials, we focused on supervising and contesting cases where guilty persons were judged innocent, serious offenses were given light sentences, and minor offenses were given heavy sentences. In all, we contested 87 cases in court. In civil, economic, and administrative trials, we focused on supervising and contesting cases where mistakes were actually made in handing down verdicts and rulings. We handled 297 such cases, investigated and put on file 54 of them, and contested four cases in court. We suggested to the courts that the verdicts in 25 cases be amended, leading the courts to amend the verdicts in three cases.

In exercising legal supervision over prison management and labor reform activities conducted by prison management and labor reform organs, we focused on strengthening procuratorial supervision over the arbitrary collection of fees from people under prison management and from their families; the use of money to buy one's way out of punishment; prison management and labor reform personnel who demanded and took bribes, conducted fraudulent practices out of personal considerations, and released criminals without authorization while carrying out procedures to mitigate sentences, to release criminals on parole, and to recommend criminals for medical treatment outside the prison; and prison management and labor reform personnel who physically punished and tortured criminals. We submitted 4,781 suggestions to prison management and labor reform departments about correcting law-violating actions, and curbed and corrected the arbitrary practice of collecting fees. We also corrected the practice of holding 676 criminals beyond their detention periods, and took corrective actions against 407 people who violated the law when handling criminals outside the prison. We also put on file and investigated 15 criminal cases involving prison management and labor reform personnel who practiced graft and bribery and physically punished and tortured criminals. We approved the arrest of and indicted, according to law, 138 repeat offenders who underwent "reform-through-labor and rehabilitation-through-labor," and promptly took strong measures against people who reverted to criminal activities after having undergone prison supervision.

In our procuratorial work regarding accusations and appeals, we focused on strengthening our efforts to reexamine criminal appeals cases. We handled 443 cases of appeals against procuratorial organs' decisions rejecting certain lawsuits, refusing to put certain cases on file, turning down requests for arrests, and dropping certain cases. Among them, we reexamined 373 cases in which appeals were filed against decisions rejecting lawsuits, and amended our original decisions in 52 cases. We also handled 500 appeals against court decisions and rulings on criminal cases. We substantially enhanced our functions of serving as an internal restrictive factor and an external supervisory force in procuratorial work concerning accusations and appeals.

#### **V. We Built Up the Procuratorial Ranks and Promoted Strict Law Enforcement**

Procuratorial organs throughout the province further built up their ranks by simultaneously improving their professional work and bolstering their ranks. Although they bore heavy responsibilities, faced many difficulties and hardships, and were subject to relatively heavy pressures from all quarters, most procuratorial cadres withstood the trials of market economy and strenuous work, consistently maintained high morale, stuck to principle, impartially enforced laws, happily made contributions, and displayed a good mental attitude. A group of advanced collectives and individuals emerged from among these procuratorial cadres, thus ensuring and promoting progress in law enforcement by procuratorial organs. We focused on three aspects:

##### **1. We Strengthened Leading Bodies at All Levels**

Across the province last year, seven cities and procuratorial branches and 87 grass-roots procuratorates held end-of-term elections for procurators general. The provincial procuratorate and various city procuratorates and procuratorial branches actively coordinated with party committees in earnestly selecting, assessing, and grooming candidates for procurators general, moving in concert with people's congresses to ensure that the end-of-term elections were held properly. For a certain period of time after the end-of-term elections, we concentrated on improving leading procuratorial bodies under the provincial party committee's unified plans. With the change of terms, leading procuratorial bodies at all levels were strengthened.

##### **2. We Made Efforts To Ensure Honesty of Procuratorates Themselves in Performing Official Duties**

The people's procuratorates are important function departments in the anticorruption campaign. However, those organizations themselves are also important departments to be examined in the anticorruption campaign, and so it is especially important to ensure their own honesty in performing official duties. The people's procuratorates at various levels should have a high sense of political responsibility and consciously and seriously take actions to prevent their own corruption. In the first half of last year, stress was laid on improving discipline and work style of cadres. In the second half of last year, people's procuratorates in the whole province considered the prevention of corruption of themselves as an important part in implementing the arrangements of the central authorities in fighting against corruption. The provincial people's procuratorate put forward specific opinions on how to strengthen people's procuratorates' own anticorruption struggle and formulated 10 measures to promote honesty in performing official duties. Leading cadres at and above department level were organized to check and examine themselves according to the requirements for self-discipline set by the central authorities, the provincial party committee, and the provincial people's procuratorate. The situation of

wanton collection of fees by some procuratorates at the basic level was stopped. The 13 cases of violation of discipline by procuratorial cadres were seriously handled one by one, and those who were involved in three serious cases were punished according to the Criminal Law. The provincial people's procuratorate also distributed a circular to various units to draw lessons from those cases and educate the broad masses of cadres.

### **3. We Strengthened Training on Professional Knowledge**

While promoting education on procuratorial work through television university and study for procurator's certificate, we strengthened professional training for all cadres. The provincial people's procuratorate held several short-term training classes for procuratorial cadres on hearing complaints and petitions and on civil administration. The provincial people's procuratorate also held competition in debates by public prosecutors and unfolded activities of evaluating outstanding public prosecutors for three times. Various local procuratorates also adopted various ways and forms to raise cadres' professional quality and ability.

Although people's procuratorates in the province made new achievements over the past year, there are still many problems and shortcomings. They mainly include the following: 1) Various people's procuratorates have made certain achievements in the anticorruption struggle; however, there is still quite a large gap between those achievements and the expectations and demands of the party and people. The people's procuratorates are not strong enough in discovering and exposing crimes, especially major cases. 2) Legal supervision over execution of court judgments by law enforcement units is still a weak link. There are the problems of using fines to replace imprisonment or passing light sentences on serious crimes, and supervision over legal work is not effective in some localities. 3) Funds for handling legal cases are inadequate, and office facilities and equipment to handle criminal cases are simple and backward. Some improvements have been made with the support of governments at various levels, but funds and facilities still cannot meet the need of the situation and procuratorial tasks. 4) The provincial people's procuratorate is still not strong enough in guiding the handling of various legal cases, especially major cases. We must look squarely at those problems and shortcomings, and seriously solve them in our future work.

We must continue to maintain the good trend in developing the national economy this year. The year 1994 is also a crucial year in promoting reform. The overall requirement of this year is to seize the opportunity, deepen reform, open up wider, promote development, and maintain stability. The people's procuratorates must be subordinate to and serve this overall requirement. The guiding ideology and main tasks of procuratorial work in the whole province are: Under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line,

we should implement the guidelines of the 14th CPC National Congress and the Third Plenary Session of the 14th CPC Central Committee, adhere to the policy of "doing two types of work at the same time and attach equal importance to both," further emancipate our minds, seek truth from facts, enforce law in a strict manner, make greater and concentrated efforts to investigate and handle major and serious cases, crack down on various criminal activities, protect citizens' lawful rights, and make new contributions to accelerating the establishment of a socialist market economic structure, ensuring the sustained, rapid, and healthy development of the national economy, safeguarding social and political stability and promoting an all-round improvement of the society. We should lay stress on doing well the following tasks:

#### **—We Must Continue To Concentrate Our Efforts on Prosecuting Major and Important Cases, Especially Important Cases, So as To Deepen the Anticorruption Struggle**

The struggle against corruption, bribery, and other decadent phenomena is a protracted mission. The cases that have been exposed show that corruption, bribery, and other economic crimes remain serious. We must never overestimate our success and underestimate the seriousness and the menace of these crimes, as well as the importance of deepening the struggle. In accordance with the consolidated plans drawn up by the Central Committee and the provincial party committee, procuratorial organs must carry out the policy of promoting material progress and socialist ethics at the same time, persist in waging a protracted struggle against crimes, work earnestly, and make constant efforts to deepen the struggle. This year's anticorruption struggle should focus on concentrating our efforts on prosecuting major and important cases, especially important cases involving leading cadres. Efforts should be made to achieve new breakthroughs. Criminal cases—especially major and important cases—taking place within leading party and government organs, judicial departments, law enforcing departments, and economic departments must be firmly handled according to law as soon as they are discovered. Meanwhile, in accordance with the policy that we must act firmly but cautiously and aim at the right targets, we must improve the quality of prosecution and make sure that cases are properly prosecuted so that our operations will yield even better political, economic, and social results.

#### **—We Must Uphold the "Crackdown" Principle and Come Down Hard on Serious Crimes**

We must be more politically sensitive and harshly and efficiently crack down on all types of serious crimes according to law. We must take active part in comprehensive management of public security, correctly handle the contradictions among the people, promptly eliminate factors that cause instability, and work hard to create a stable social environment facilitating reform, opening

up, and economic construction. To ensure political stability, we must also intensify procuratorial operations to ensure state security and firmly strike at counterrevolutionary crimes as well as infiltration and subversive and sabotaging activities launched by hostile forces inside and outside Zhejiang.

**—We Must Continue To Intensify Supervision Over Law Enforcement**

We must attach special importance to prosecuting crimes committed by judicial personnel and law enforcers who abuse their authority for personal gains, accept bribes and bend the law, commit graft, and fail to enforce law strictly. We must dare to uphold principle and exercise legal supervision over law enforcing authorities' lawless conduct. To intensify supervision over law enforcement, procuratorial organs must be strong enough to accept challenge. To do an even better job in enforcing law in a civil manner, procuratorial organs must be strict in handling lawless conduct appearing in the prosecution of criminal cases.

**—We Must Exert Great Efforts in Building a Contingent of Procuratorial Personnel**

Procuratorial cadres must earnestly study Volume 3 of the "Selected Works of Deng Xiaoping," arm our minds with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics so as to further heighten our awareness and firmness in implementing the party's basic line and in serving economic construction. Procuratorial cadres must strive to improve our political awareness and professional competence, and continue to intensify the anticorruption efforts among ourselves so that procuratorial operations can be expedited with the establishment of a contingent of procuratorial personnel who are politically strong, professionally keen, tough in work style, and strict in discipline.

**Central-South Region**

**Guangdong Holds Public Security Meeting**

*HK0405053194 Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 28 Apr 94*

[Text] The Guangdong Public Security Department held a meeting for secretaries of discipline inspection committees of public security bureaus of all cities in the province from 26 to 28 April to seriously sum up and exchange recent experiences among all public security organs in the province to launch an anticorruption drive and to make arrangements for work in this respect in the future. Chen Shaoji, a member of the Standing Committee of the Guangdong Provincial CPC Committee and director of the provincial public security department, emphasized at the closing session this afternoon that leading cadres in public security organs at all levels should take the lead in setting an example in diligently and honestly carrying out official duties. Chen Shaoji also urged leading cadres, especially the number-one

men, in public security organs at all levels to strengthen their sense of democratic supervision and to consciously accept supervision from all quarters. They should strengthen their sense of organization and discipline and should strictly enforce orders and prohibitions so that the combat effectiveness of public security organs will be expressed among leading cadres first of all.

**Guangdong Governor Chairs Family Planning Meeting**

*HK0405040194 Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 28 Apr 94*

[Text] The Guangdong Provincial Government held a telephone meeting this afternoon to make arrangements for bringing about an upsurge in the family planning drive across the province in May. The meeting was chaired by Governor Zhu Senlin.

In bringing about an upsurge in the family planning drive, Vice Governor Ou Guangyuan said at the meeting that it is necessary to solve the two major problems of ligation of oviducts or the vasoligation of parents with two daughters in violation of state family planning and to adopt remedial measures. At the same time, it is necessary to earnestly and properly grasp the management of family planning among the mobile population and to carry out checking and verification among the mobile population in order to eliminate loopholes for giving birth in violation of state family planning.

**Guangdong Ranks Last in Issuing Treasury Bonds**

*HK0405034994 Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 28 Apr 94*

[Text] The Guangdong Provincial Government held an emergency telephone meeting this afternoon. The meeting called for curbing indiscriminate fund-raising to ensure the fulfillment of the task of issuing treasury bonds as scheduled across the province.

The task of issuing treasury bonds assigned by the state to Guangdong this year involves 6.71 billion yuan. By the 25th of this month, the province had issued 12.13 and 18.84 percent of the two-year and three-year treasury bonds respectively, ranking last among the provinces. The major reason why Guangdong has been slow in issuing treasury bonds is that some localities have indiscriminately raised funds and raised interest rates.

The provincial government has demanded that the whole province take action to correct illegal activities of indiscriminately raising funds and that various localities complete the issuance of 50 percent of the two-year treasury bonds and more than one-third of the three-year bonds by the end of this month and to complete the issuance of all two-year treasury bonds by the end of May and all three-year treasury bonds by the end of June. This task should be grasped personally by the number-one men in party and government organizations in various localities and its fulfillment should be ensured by

organizations at all levels. Responsibility shall be affixed to anyone who delays the fulfillment of this task.

The telephone meeting held this afternoon was chaired by Governor Zhu Senlin. Vice Governors Lu Ruihua and Ou Guangyuan also spoke at the meeting.

### Shenzhen Cracks Down on Illegal Use of Military Vehicles

HK0405151994 *Hong Kong TA KUNG PAO* in Chinese  
13 Apr 94 p 2

[“Special report”: “Shenzhen Strengthens Management Over Military Vehicles”]

[Text] Shenzhen, 12 Apr (TA KUNG PAO)—Some days ago, the Shenzhen Garrison issued a “Circular on Strengthening Management Over Military Vehicles in the Shenzhen Area” in order to straighten out the operational order of military vehicles in Shenzhen and to curb the illegal manufacture, selling, and use of military vehicle certificates by lawbreakers.

The purpose of the circular is to implement the relevant instructions of the Guangzhou Military Region and the Guangdong Provincial Military District. The circular demands that all military institutions stationed in Shenzhen should check their military vehicles before the end of April; those holding certificates at or above the division level should obtain a “military vehicle registration form” from the garrison and submit the filled-out form for verification. After verification that the military vehicle’s license plate number conforms with the driving license number, the garrison will issue a “military vehicle registration certificate.” On discovery, individuals using military vehicles in Shenzhen without registration certificates will be given severe punishments according to the relevant regulations.

Unqualified localities, units, or individuals illegally obtaining military vehicle certificates must stop using these certificates immediately, return them to the original users, or submit them to the garrison. Those who continue to use these certificates will be held responsible and will receive severe punishments according to the relevant regulations.

The circular points out that counterfeiting military vehicle certificates, and selling or using false certificates are illegal. Individuals involved in these activities must confess their offenses to the Shenzhen Garrison before 30 April to receive lenient treatment. Otherwise, public security departments will hold them responsible for the criminal offenses they have committed.

The circular stipulates: Military vehicles are not allowed to be used for production purposes, and buses with military license plate numbers are not allowed to be used for business purposes. Vehicles for construction and transportation use must observe the local government’s relevant regulations, and are not allowed to operate in

excess of their capacity or to pollute the city’s environment. Military vehicles without rear mudguards, dirty vehicles, or vehicles in bad technical condition will not be issued “military registration certificates”; these vehicles are not allowed to operate.

The circular demands that military vehicle drivers strictly observe traffic rules, foster good professional ethics and driving habits, follow the instructions of traffic policemen, and consciously safeguard the Army’s reputation.

### Hubei Vice Governor Speaks on Price Inspection Work

HK0405145994 *Wuhan Hubei People’s Radio Network* in Mandarin 1000 GMT 29 Apr 94

[Text] On the afternoon of 28 April, the Hubei Provincial Government sent six touring price inspection teams and a central inspection team to various localities to carry out price inspection and curb price increases in our province.

At a mobilization meeting for the general price inspection teams, Vice Governor Chen Shuiwen said: Considerable results have been obtained in the general price inspection, which started at the beginning of March. The illegal price-increasing activities of some enterprises, administrative and nongovernment institutions, and self-employed businessmen have been curbed to a certain extent, but the progress of the general price inspection has been uneven. Price increases in some localities have not yet been effectively controlled. The prices of a few commodities have even bounced up again. The phenomenon of raising prices and collecting fees at will has not been totally wiped out, so the provincial government has decided to organize touring teams consisting of comrades from the price, planning, supervision, finance, and taxation departments, as well as some representatives of the Chinese People’s Political Consultative Conference, so as to carry out price inspections in various localities. It hopes to obtain good results in this period as soon as possible.

According to the provincial general price inspection office, the work of the current general price inspection is focused on important means of production, especially rolled steel, electricity, coal, oil, and chemical fertilizers; on activities of monopolizing a trade so as to incase prices and thereby reap staggering profits; on various commodity prices and service charges listed as daily requirements of residents which fall within the scope for supervision and examination; on all enterprises, plants, and shops that do not put goods on sale with prices clearly marked; and on administrative and nongovernment institutions that abuse their power to collect fees at will, that is, to see whether or not the first list of 75 items and the second list of 68 items published and abolished by the Ministry of Finance and the State Planning Commission, and the first list of 220 items and the second list of 250 items published and abolished by the provincial government really have been abolished.

The provincial government demanded that the prices of key commodities and services be inspected one by one at all levels and that violations of the regulations concerned should be dealt with severely. In particular, a small number of enterprises and establishments that do not enforce orders or prohibitions and that continue to raise prices should be inspected and punished severely and should be made known to the public.

### **Hubei Simplifies Enterprise Registration System**

*OW0405043894 Beijing XINHUA in English 0311  
GMT 4 May 94*

[Text] Wuhan, May 4 (XINHUA)—Central China's Hubei Province has simplified its enterprise registration system, following the example of Hainan Province and other Chinese regions.

Under the new system, enterprises need no longer get approval from government bodies other than the Industry and Commerce Administration to go into operation.

To start an enterprise, an investor need only submit three documents instead of the previous 11.

An eligible application will automatically be approved by the Industry and Commerce Administration, which will then issue the business permit and give public notice of the same, official sources said.

The new system also attaches no restrictions to an enterprise's business range, except where state monopoly, public security or health are involved. Therefore, no special licenses are necessary, the sources said.

They noted that the new system is not yet fully applicable to stock companies, solely state-owned companies or group companies, as it is still in the experimental stage.

### **Hubei Increases Foreign Trade by 'Big Margin'**

*HK0505083094 Wuhan Hubei People's Radio Network  
in Mandarin 1000 GMT 28 Apr 94*

[Text] In the first quarter of this year, Hubei's foreign trade increased by a big margin. The total volume of imports and exports reached over \$460 million, 46.9 percent over the same period last year, of which the import volume was over \$200 million, an increase of 80 percent, and the export volume was over \$260 million, an increase of 28.3 percent. Of the province's foreign trade as a whole, Wuhan's total volume of imports and exports reached over \$109 million and \$164 million, respectively accounting for 53 percent and 62 percent of the province's total imports and exports and 116.9 percent and 189.7 percent more respectively than the same period last year. Viewed from major forms of trade, imports and exports and the general trade of the whole province was respectively 101 percent and 30.4 percent up over the same period last year. For those industries processing imported materials and materials supplied by foreign businessmen, the total volume of

equipment invested by foreign businessmen and barter trade imports also increased by a relatively big margin compared with the same period last year.

### **Hubei's Technology Market Said 'Flourishing'**

*OW0505071594 Beijing XINHUA in English 0658  
GMT 5 May 94*

[Text] Wuhan, May 5 (XINHUA)—The technology market is flourishing in this capital city of central China's Hubei Province.

Statistics reveal that the volume of business transactions at the city's technology market amounted to 1.088 billion yuan over the past three years.

According to local officials, large and medium-sized enterprises of the city have become the main clients of the technology market.

For instance, last year these enterprises took 61.4 percent of the city's total technology transactions, said the officials.

The wide application of new technology has helped many enterprises with bad economic records to tide over difficulties.

### **North Region**

#### **Beijing Secretary Presides Over Party Plenum**

*SK0405051694 Beijing BEIJING RIBAO in Chinese 27  
Apr 94 p 1*

[Text] The fourth plenary session of the Seventh Beijing Municipal CPC Committee opened on 26 April.

Attending the plenary session were 42 members and 10 alternate members the municipal party committee. Among those attending the plenary session as observers were the municipality's members and alternate members of the CPC Central Committee; members of the central discipline inspection commission; chairman of the municipal Chinese People's Political Consultative Conference committee; vice mayors, advisers, and secretary general of the municipal people's government; deputy secretaries of the municipal discipline inspection commission; deputy secretaries general of the municipal party committee; principal responsible persons from various departments, commissions, and offices under the municipal party committee as well as from the relevant committees and offices under the municipal people's government; secretaries of party committees of various districts and counties; secretaries of party committees under a number of bureaus and general companies on the agricultural front; and secretaries of party branches at the grass-roots level—127 persons in all.

Attending the plenary session were leading personnel, including Chen Xitong, Li Qiyan, Zhang Jianmin, Wang Daming, Li Zhiqian, and Chen Guangwen.

Chen Xitong, secretary of the municipal party committee, presided over the plenary session on the morning of that day. Li Qiyan, deputy secretary of the municipal party committee and mayor of the municipal people's government, delivered a report on the municipal situation in the economic work. Chen Guangwen, deputy secretary of the municipal party committee, also delivered a report on the term-shift election at the district-county level. Du Deyin, deputy secretary of the rural work committee under the municipal party committee, delivered a report in which he gave an explanation to the document (for discussion) on adequate and standardized management over the grain fields in the plain and developed areas across the municipality.

The participating comrades also held group discussion on the investigation report jointly written by the research unit and the rural work committee under the municipal party committee and the Shunyi County Party Committee with regard to the advanced deeds scored by Shunyi County in perfecting, upgrading, and developing adequate and standardized management over grain fields. They also discussed the circular issued by the municipal party committee and the municipal people's government with regard to approving the investigation report and relaying the report for discussion.

Li Qiyan presided over the plenary session on the afternoon of that day, during which the participating members approved in principle the "circular issued by the municipal party committee and the municipal people's government with regard to approving the 'investigation report' and relaying the report for discussion".

At the end of the plenary session, Chen Xitong delivered a speech.

#### Beijing Secretary on Capital Construction Plan

SK0505113294 Beijing BEIJING RIBAO in Chinese 28 Apr 94 p 1

[Excerpts] The 13th meeting of the planning and construction committee of the capital was held on 27 April. Chen Xitong, member of the political bureau of the CPC Central Committee, secretary of the Beijing Municipal CPC Committee, and chairman of the planning and construction committee of the capital, stressed that we must strictly safeguard and implement the plan and resolutely wage the struggle against all the phenomena of violating and damaging the plan.

Li Qiyan, mayor of the municipality and first vice chairman of the planning and construction committee of the capital, said in his speech: In 1983, the party Central Committee and the State Council decided to set up the planning and construction committee of the capital to examine, work out, and implement short-term plans and annual plans for the overall urban construction of Beijing; to organize and formulate urban construction and management rules; and to coordinate the relations of all fronts. This is extremely necessary. [passage omitted]

Hou Jie, minister at the Ministry of Construction and vice chairman of the planning and construction committee of the capital, said in his speech: Big headway and great changes have been made in the urban construction of the capital. Both Chinese and foreign personages are satisfied at this. [passage omitted]

In his speech, Chen Xitong expressed his welcome to the members of the newly readjusted capital planning and construction committee. He said: Under the leadership of the party Central Committee and the State Council and with the support of all departments and commissions, the capital has made big headway in construction. However, it still far lags behind the requirements of the central authorities and the target of having the style and features of an ancient capital as well as a modern, international, large city. We should make efforts in the next decades in order to attain the target. This task is still arduous. The main tasks of the readjusted capital planning and construction committee are to implement the "overall urban construction plan of Beijing" and to fulfill the heavy trust of the party Central Committee, the State Council, and the people.

Chen Xitong stressed: We must strictly safeguard and enforce the plan and resolutely wage the struggle against all the phenomena of violating and damaging the plan. The current plan has richer contents than the previous ones. It is a blueprint for economic and social development as well as a program to guide construction and development. Without the plan, urban construction will become disorganized or disorderly. Beijing was the ancient capital of five dynasties. The predecessors' plans were good, so does the "overall plan" revised this time. Such a good plan in the world should fully be cherished. There are only reasons for safeguarding, perfecting, and developing it but no grounds for damaging or going against it. Beijing is the capital of our great socialist motherland as well as a shopwindow of China and reflects the image of China. So, cherishing and safeguarding the plan is cherishing the capital. This is the awareness of the capital.

Chen Xitong pointed out: The phenomena of going against and damaging the plan were very serious in the past. Great improvement has been made through the elimination of the disorderly, scattered, and weak situation over the past years. However, some phenomena of going against and damaging the plan still exist. If we do not resolutely wage a struggle against these phenomena, the fulfillment of the plan will become an empty talk. To ensure the smooth implementation of the plan, first of all, leaders should take the lead in strictly carrying out the plan. All the major issues, the issues going against the plan, or the issues concerning the necessity to appropriately readjust the plan according to the demands of the objective reality should be decided, according to different conditions, jointly by the chairman and vice chairmen of the planning and construction committee of the capital or by the plenary sessions of the committee. No individuals have the rights to making decisions. Second, construction units should consciously submit

themselves to and implement the plan. They must not pay attention to only economic results to the neglect of the plan. Third, the planning departments should strictly make management, supervise the implementation of the plan, have the daring to make criticisms, not be afraid of giving offense, upgrade their quality, set strict demands on themselves, and realistically assume responsibility for the implementation of the plan.

### Beijing Secretary Inspects Copper Wire Plant

SK0505025894 Beijing BEIJING RIBAO in Chinese 27 Apr 94 p 1

[By reporter Yan Liqiang (0917 0500 1730): "Strengthen Structural Readjustment, Optimize Distribution of Production Factors, and Strive To Halt Deficits and Maintain Stability"]

[Excerpts] A few days ago, Chen Xitong, secretary of the Beijing Municipal Party Committee, went to Beijing Copper Wire Plant to conduct investigations. He fully affirmed the new change taken place at the plant as a result of the efforts to halt deficits made by this plant and the nonferrous metal general company. He again stressed: In a certain sense, the endeavor in halting deficits and increasing profits is precisely aimed at ensuring stability and using the new opportunity brought about by the market economy to accelerate structural readjustment and optimize distribution of the production factors. [passage omitted]

With a history of 40 years, Beijing Copper Wire Plant is a small enterprise producing copper as well as copper alloy wire and strips. The plant now employs 348 workers. In recent years, its products have enjoyed good sales and have been exported to the United States, Hong Kong, and other countries and regions. It has earned over \$1 million every year, and the demand of its products has exceeded the supply. However, owing to fund shortages, its output and performance have kept on declining since last year. In the first quarter of this year, it even suffered a loss for the first time. After allocating a certain amount of circulating funds to this plant through the full cooperation of departments concerned, output in April registered a 20 percent increase over the average month output in the first quarter. In addition, the morale of its staff and workers was stable and they were enthusiastic about production. [passage omitted]

Chen Xitong said in his speech: Today, after looking at the plant and hearing the report on the work of this general company, I have noticed the good spirits of workers and staff members. From the general company to its subordinate plant, staff and workers have all been vigorous in halting deficits, thus effecting an improvement in production and giving rise to a new atmosphere throughout the enterprise. This is the result of the concerted efforts of leaders and the working class of the general company and the plant. I hope that you will keep on working hard. Facts prove that it is completely necessary to support the enterprises and trades having

good marketing and good performance, like the Beijing Nonferrous Metal General Company, by allocating appropriate amounts of circulating funds to them.

Chen Xitong pointed out: To rapidly popularize the experience in carrying out comprehensive reform gained by this first light industrial general company, the essential idea is to use the new opportunity and the favorable conditions brought about by the market economy to carry out structural readjustment and optimize the distribution of production factors. In the endeavor of halting deficits and carrying out structural readjustment, we should resolutely break with the idea of "brand, position, and face," the idea of "mine, yours, and his," and the idea of "waiting for higher levels' support, loans, and improved situation." If we fail to break with these three ideas, we will lose opportunity, efficiency, and popular support. We should make cadres more aware in submitting themselves to the central authorities' general task of "seizing the opportunity, deepening reform, opening wider to the outside world, promoting development, and maintaining stability." We should also clearly explain to workers that structural readjustment is in agreement with the essential interest and long-term interest of workers and staff members. He again stressed: In a certain sense, the endeavor of halting deficits and increasing profits is precisely aimed at ensuring stability. We should continue to carry out the method of resolving problems by looking into both its causes and signs. At the moment, the most urgent task is to make staff and workers have something to do, to make enterprises profitable, to make workers' lives ensured, and to make workers' income raised on the basis of developing production and improving efficiency. Otherwise, stability will be impaired and problems will be hard to be resolved thoroughly.

Then, Chen Xitong discussed with enterprise leaders on the cross-defaults owed between different enterprises. He also affirmed the measure adopted by the plant to withdraw loans. [passage omitted]

### Hebei Official on Efforts To Boost Bohai Bay's Economy

OW0505072494 Beijing XINHUA in English 0644  
GMT 5 May 94

[Text] Shijiazhuang, May 5 (XINHUA)—Efforts should be made to strengthen regional co-operation to promote economic development along north China's Bohai Bay, an official said here today.

Chen Liyou, deputy governor of north China's Hebei Province, said that the Bohai economic rim is China's third economic booming area following the Zhujiang and Chang Jiang River Deltas.

Located at the center of the Bohai rim, Hebei should give top priority to the development of regional economic co-operation, he said.

He added that redoubled efforts should be made to strengthen infrastructure facilities such as highways and ports in the province to promote regional prosperity.

Hebei serves as a major gateway for the country's coal exports from inland provinces and also as a link for other provinces and cities within the economic rim, including Liaoning, Shanxi and Shandong Provinces, and Beijing and Tianjin Cities, the official said.

The province also boasts geographical advantages and rich natural resources. It has a coastline of 487 km.

He noted that the provincial government has decided to work hard to upgrade its numerous state-owned enterprises in the metallurgy, chemicals and building materials industries.

The province has also made great efforts to harness the Yanshan and Taihang Mountains to bolster economic development and social stability in the area of Beijing and Tianjin and on the north China plain.

In infrastructure construction the province has listed ten major projects to fit in the development of the Bohai economic rim, the official said.

Talking about railway construction, he said that emphasis will be placed on the building of the Shenmu-Huanghua Railway leading from northern Shaanxi Province to Bohai Bay, and the Handan-Jinan Railway from Handan City in Hebei Province to Jinan, capital of Shandong Province.

At the same time, he said, the construction of the northern section of the Beijing-Shenzhen and Beijing-Shanghai Expressways will also be accelerated this year. And the pace of building other expressways and highways in the province will be quickened.

He added that an expressway and highway network will soon be built in the ring area, including roads and highways for coal transportation.

In addition, construction of ports and airports in this area will be strengthened. The focus will be on building the Huanghua Port, the Jingtang Port at Tangshan City and the Shijiazhuang International Airport.

Speaking of energy resources, the deputy governor said that to ease the bottleneck in power supply in the area, the province will step up the building of its own power stations while importing electricity transmitted from Shanxi Province and the Inner Mongolia Autonomous Region.

He said that in telecommunications construction nearly 20 national and local optical fiber lines will be built within the province.

The official said that the focus of iron and steel industrial construction will be on the expansion and rebuilding of six major steel production bases to produce a total of more than five million tons a year.

The province will also channel more funds toward the development of several water-control projects to meet the demand for drinking water in the Beijing-Tianjin area.

#### Li Peng Inspects Inner Mongolia 30 Apr-3 May

OW0405143294 Beijing XINHUA in English 1406  
GMT 4 May 94

[Text] Hohhot, May 4 (XINHUA)—Chinese Premier Li Peng has reiterated here the principle of seizing the current opportunity, deepening reform, opening wider to the outside world, promoting development and maintaining stability.

He stressed that the principle, set by the Central Committee of the Communist Party of China (CPC), should be conscientiously carried out and attention should be paid to the harmony of development speed and economic efficiency so as to further promote reform, opening and economic development.

Premier Li made these remarks during his April 30-May 3 inspection tour of the Inner Mongolia Autonomous Region on returning from a visit to four countries in Central Asia and Mongolia.

Accompanied by Wang Qun, secretary of the CPC Inner Mongolian Autonomous Regional Committee, and Ulgi, chairman of the regional government, Premier Li visited factories, enterprises, microwave telecommunications installations, construction site of a large thermal power station and homes of some herdsmen.

On May 3, Premier Li attended a presentation of the work report of the leading party and government officials of Inner Mongolia and delivered a speech.

He affirmed the great achievements in reform, opening up and economic development made by the people of various nationalities in Inner Mongolia under the guidance of the theory of Deng Xiaoping on building socialism with Chinese characteristics. He said he has been in Inner Mongolia six times since 1978 and has seen with his own eyes the great changes taking place there.

He noted that Inner Mongolia used to have shortages in grain supply, but has now managed to have surplus grain. "This is a great achievement," he stressed.

Meanwhile, he said, the animal husbandry of the region has also been developing rapidly and the annual steel output of Baotou Iron and Steel Company has been increased from one million tons to three million tons.

Premier Li said that by exploiting its rich coal resources, Inner Mongolia has built enough large power stations not only to be self-sufficient in power supply, but also to supply electricity to the areas of Beijing, Tianjin and Tangshan.

Premier Li said that he was glad to see the political stability, ethnic unity, economic development and improvement of living standards of Inner Mongolia.

He urged local officials to pay even closer attention to production in agriculture and animal husbandry and make more efforts to run well numerous large and medium-sized state-owned enterprises in the region.

He pointed out that unity among various nationalities in Inner Mongolia is good and expressed hope that the region will further develop the good situation and realize common prospects among the people of all nationalities in the region.

#### Inner Mongolia Secretary Inspects Hulun Buir League

SK0505060894 Hohhot NEIMENGGU RIBAO in Chinese 26 Apr 94 p 1

[By reporter Liu Junjie (0491 0193 2638); "Wang Qun and Qian Fenyong Inspect Hulun Buir League"]

[Text] Further deepen reform, vigorously enliven enterprises, suit the development of the situation, and develop foreign economic relations and trade. This is what Wang Qun, secretary of the regional party committee, emphatically pointed out during his investigation and study activities in Hulun Buir a few days ago.

After inspecting the Honghuaerji fire-extinguishing scene and extending regards to the officers and men of the forest police forces and the staff and workers of the forestry bureau who fight fires, leading comrades, including Wang Qun, secretary of the regional party committee and chairman of the regional people's congress standing committee; and Qian Fenyong, deputy secretary of the regional party committee and chairman of the regional committee of the Chinese People's Political Consultative Conference, jointly studied and discussed the issues on enterprise reform and foreign trade with the responsible comrades of Hulun Buir League, Hailar city, Manzhouli city, and Ergun Right Banner on 24-25 April in Hailar city. Wang Qun made an important speech during the talks.

In regard to the issue of enterprise reform, Wang Qun pointed out: Hulun Buir League has firmly attended to the enterprise reform. Its experience can be summarized as "great determination, powerful strength, accurate ways, meticulous work, and good results." Particularly, some good examples with outstanding achievements in reform have emerged. Hulun Buir League has made a good start in enterprise reform and should persist in its achievements. At present, we should further upgrade our understanding, enhance the sense of urgency and the sense of crisis, get rid of all difficulties, and make up our minds to accelerate the pace of enterprise reform. We must strengthen leadership and collective policy-decisions, and organize powerful forces to grasp the enterprise reform in the next few years. We should first

make breakthroughs and then make improvements, conduct reform first among key enterprises and then among general ones, make overall plans and take all factors into consideration, and promote overall reform. Hulun Buir League's practice of organizing and sending more than 700 cadres to enterprises to help conduct reform should be popularized. The fact that the party and government office cadres go deep to the grass roots to grasp the enterprise reform is conducive to changing the government functions and making the government work suit the socialist market economic system. To grasp the enterprise reform, we should grasp the buildup of leading bodies as well as the setup of mechanism and the upgrading of products. This is so-called auxiliary reform. Specific methods are to proceed from actual conditions; to seek truth from facts; to make different policies for different plants; to boldly conduct experiments; to make enterprises improve their quality, standing, and efficiency through reform; to conform to the "three-conducive" principle; and to avoid repetition of low quality. Through reform, we should enliven enterprises, turn deficits into profits, and increase efficiency and speed. We should have enterprise staff members and workers not only have meals to eat but also make contributions to the state. The more difficulties the enterprises have, the more necessary they should strengthen the ideological work and expand the dynamics of reform. Enterprises should first change their ideas to conduct reform. Like Hulun Buir League, all localities should organize groups and send them deep to the enterprises to disseminate the necessity of reform as well as the reform policies and measures, unify the thinking of the staff members and workers, and mobilize them to support and join reform. Only by so doing will we be able to ensure the smooth progress of enterprise reform.

In regard to the issue of foreign trade, Wang Qun pointed out: The Sino-Russian and Sino-Mongolian border trade, characterized by goods exchange, conforms to the needs of the peoples of both sides. Achievements have been made in this aspect. However, the border trade must not always stay at the level of goods exchange. We must develop border trade. Now, border trade is being changed into spot exchange trade. This is a trend of development as well as a new situation. Under the new situation, it is inevitable that temporary difficulties in border trade crop up. So, the foreign trade enterprises should study the new situation, resolve new problems, and upgrade to a new level. To this end, first, we should change ideas, reform simple foreign trade viewpoints, combine foreign economic relations and trade, link trade with industry and agriculture (animal husbandry), promote industry and agriculture (animal husbandry) with trade, and promote trade with industry and agriculture (animal husbandry), develop general trade and multilateral trade, and expand foreign economic relations and trade. Second, the governments at various levels should regulate and control the macroeconomy, make unified plans in a coordinate manner, readjust the production of industrial enterprises and their product mixes according

to the demands of the international market, and form economic and trade cohesive power. Third, we should expand the scale of opening up, bring in capital from all sides, and promote development through opening up. We should introduce foreign capital to conduct grafting transformation, develop production, increase the varieties of products, upgrade the quality, and enter the international market.

Qian Fenyong stressed in his speech during the talks: The key to conducting the enterprise reform is to mobilize the enthusiasm of staff members and workers. So long as the enthusiasm of the staff and workers is mobilized will enterprises be able to make good products and create good efficiency. He said: Hulun Buir League is an area experimenting with reform and opening up as defined by the state. So, the league should proceed from actual conditions, boldly make experiments, and have the courage to be the first to conduct enterprise reform and to develop foreign economic relations and trade.

#### Inner Mongolia Holds Rural Work Conference

SK0405132794 Hohhot NEIMENGGU RIBAO in Chinese 23 Apr 94 pp 1, 2

[By Reporters Xu Dongyang (1776 2639 3152) and He Shumei (0149 3219 2734); "Accelerate Agricultural and Animal Husbandry Development and Strive To Enter a New Stage"]

[Excerpts] The regional party committee and government held a regional rural and pastoral work conference on 22 April, and clearly proposed that the time for Inner Mongolia Region to greatly develop agriculture and animal husbandry has arrived and that this region has every condition and ability to develop agriculture and animal husbandry in a quicker and better manner and to enter a new height on the present basis. [passage omitted]

Wang Qun and Wu Liji gave important speeches respectively. Qian Fengyong, Bai Enpei, Yi Junhua, Song Zhimin, and Wu Lunsai, and responsible comrades of various leagues, cities, regional departments concerned, and the regional rural and pastoral work leading group and units attended the conference. Bai Enpei presided over the conference.

In his speech, Wang Qun pointed out: While fully understanding the excellent situation, we should clearly recognize that we should set demands on ourselves in line with the high standards of modernizing agriculture and animal husbandry and the market economy. At present, our region's agricultural and animal husbandry production is still at a low development stage. The party Central Committee has stressed repeatedly that the issue on agriculture, animal husbandry, rural areas, and peasants is always a fundamental issue affecting the overall situation of our party and the state. Judging from our Inner Mongolia Region's situation, without the invigoration of agricultural and animal husbandry and the development of the rural and pastoral areas, there can be no economic invigoration and social development in

Inner Mongolia, no social stability in the rural and pastoral areas, and no long period of order and security in the border areas. Therefore, we should conscientiously study, profoundly understand, and comprehensively implement the guidelines of the central rural work conference, further understand the urgency of strengthening agriculture, animal husbandry, as well as rural and pastoral work from the overall situation of reform, development, and stability, firmly establish the ideology of regarding agriculture and animal husbandry as the foundation, unwaveringly place agriculture and animal husbandry above all economic tasks at any time and under any circumstance, and uphold it for a long time with unremitting efforts.

Wang Qun said: The rural and pastoral works are numerous, and development is the essential criterion. Judging from the overall situation of the region, the current agricultural and animal husbandry development trend is good and the situation is gratifying. The broad masses of peasants and herdsmen have already seen the opportunity of having a good market for agricultural and livestock products and good prices and the local advantages and potential for developing agriculture and animal husbandry. Therefore, their enthusiasm in planting grain and raising livestock is unprecedentedly high and their desire to accelerate development is very strong. In the face of this situation, party leading cadres at all levels have the responsibility of protecting, guiding, and giving play to the enthusiasm and creativity of the masses; the responsibility of judging the hour and sizing up the situation, organizing leading peasants and herdsmen to advance on the crest of a victory, developing our region's agriculture and animal husbandry in a quicker and better manner, and entering a new stage on the present basis. The general objective of this new stage is to enable peasants to attain a better-off level of moderate prosperity on schedule by the end of this century which was once proposed by the regional party committee and the provincial government, to enable herdsmen to take the lead in becoming better-off, to basically realize the goal of developing modernized agriculture and animal husbandry with high yield, high quality, and high efficiency, to carry out all forms of integrated management of trade, industry, and agriculture, to combine planting industry with breeding and processing industries, and to turn the region into an important base and market for brandname, quality, and special products, such as grain, oil-bearing crops, sugar, meat, milk, eggs, leather and fur products, fruits and medical herbs, in China's northern region. In line with this general objective, our region's agricultural and animal husbandry sectors must strengthen scientific and technological progress, raise the quality of personnel, strengthen the infrastructure facilities for agriculture and animal husbandry, mechanize agricultural and animal husbandry production, increase input, deepen reform, and carry out large-scale production and intensive operations. This year it is necessary to continuously increase the production of grain and animal husbandry on the basis of last year's production and strive to make the

grain output reach 23 billion jin; the number of livestock reach 57 million during the animal husbandry fiscal year; the total revenue growth rate of township enterprises reach more than 50 percent; and the net income of peasants and herdsmen increase by 100 yuan after deducting the factor of price hikes. According to this demand, the higher and the lower levels across the region should adopt practical measures, make specific targets, and strive to attain the aforementioned objective.

After analyzing our region's possibility, necessity, and favorable conditions for accelerating the development of our region's agriculture and animal husbandry and entering a new stage, Wang Qun stressed: Our proposal of accelerating the development of agriculture and animal husbandry and entering a new stage on the present basis is in conformity with the guidelines of the 14th party congress and the third plenary session of the 14th party Central Committee, the overall situation of reform, development, and stability, and the common interests and wish of the people of various nationalities across the region. The regional party committee has called on the broad masses of party-member members across the region, particularly the party's leading cadres at all levels, to further emancipate the mind, enhance understanding, realistically unite their ideology with the policy decision of the regional party committee, and guarantee the implementation of this policy decision with practical and effective deeds. Wang Qun pointed out: At present and for some time to come, the principle of deepening reform in the rural and pastoral areas is and will still be the four sentences proposed by the eighth plenary session of the 13th party Central committee, that is to stabilize and improve the responsibility system with the family-based output-related contract system as the mainstay, perfect the dual management system of centralized and decentralized management, actively develop various forms of socialized service system, and gradually expand the collective economic strength. The major content of reform is to take market cultivation as the mainstay, perfect the socialized comprehensive service system, strengthen macro regulation and control, and accelerate the establishment of economic operational mechanism and management system that suit the socialist market economic structure. First, we should further improve the rural and pastoral management system; second, organize and improve the township comprehensive service organizations; third, actively develop "dragon-typed economy"; fourth, strengthen macro regulation and control as well as protection in the agricultural and animal husbandry sectors; and fifth, deepen reform in rural and pastoral areas and in banners, counties, and organs, transfer personnel to all localities, and combine these two tasks together.

Wang Qun stressed: The objective of accelerating agricultural and animal husbandry development and entering a new height has set a higher demand on the party committees and governments at all levels, particularly the party's leading cadres at all levels. We must pay more attention to agriculture and animal husbandry

and to the issues on peasants and herdsmen than at any time in the past, adopt practical and effective measures, and further strengthen and improve the party's leadership over rural and pastoral work. Party committees at all levels should realistically place rural and pastoral work above all economic tasks and further strengthen leadership. In the future, the work focus and main energy of the party committees of various leagues, cities, banners, and counties should be placed on agriculture, animal husbandry, and rural and pastoral work. It is necessary to continuously attend to building grass-roots organizations and ranks of cadres in the rural and pastoral areas. All banners and counties should be determined to select good quality cadres from all sectors and send them to work in townships, towns, and sumu and install good leading bodies in townships. We should realistically strengthen spiritual civilization, democracy, and the legal system in the rural and pastoral areas, and take a "two-handed approach in work and be tough with both." Through effective work, we may eliminate the destabilizing factors and create a good social environment for reform and development in the rural and pastoral areas. [passage omitted]

### Northeast Region

#### Heilongjiang Vice Governor Meets Russian Delegation

SK0505112794 Harbin Heilongjiang People's Radio Network in Mandarin 2200 GMT 4 May 94

[Text] On the evening of 4 May, Vice Governor Wang Zhongzhang met with a delegation from the Russian Maritime Kray Consumers Cooperative headed by (Dubining), first vice chairman of the Maritime Kray Soviet Executive Committee, at the Xinghe Hotel in Harbin. Both sides held talks in a cordial and friendly atmosphere.

Wang Zhongzhang said: Sino-Russian border trade is highly complementary. Our province has persistently regarded the Maritime Kray and the Far East Region as focal points in Sino-Russian trade.

Wang Zhongzhang expressed his satisfaction with the trade contacts between the Chinese and Russian sides during the past few years. He hoped that the governments of both sides will solve the existing problems with coordinated efforts, establish a joint committee, and develop mutual free trade.

(Dubining), head of the delegation from the Russian Maritime Kray Consumers Cooperative, said: Although some specific difficulties exist in the trade contacts between the two sides at present, these difficulties surely can be overcome as long as both sides make efforts.

**Jilin Publishes Personnel Appointments, Dismissals**

*SK0505113894 Changchun JILIN RIBAO in Chinese  
23 Apr 94 p 1*

[Text] Following is the namelist of personnel changes approved at the ninth session of the Eighth Provincial People's Congress on 22 April:

**Appointments:**

Bao Xuelong [2552 1331 7893] was appointed chairman of the provincial planning commission.

Guo Yongde [6753 3057 1795] was appointed chairman of the provincial economic and trade commission.

Qu Yixu [2575 6654 4872] was appointed chairman of the provincial science and technology commission.

Jin Hua [6855 5478] was appointed chairman of the provincial nationalities' affairs commission.

Wen Yuji [3306 3022 0679] was appointed director of the provincial civil affairs department.

Zhou Xiang [0719 5046] was appointed director of the provincial geology and minerals department.

Wang Zhifu [3769 1807 3940] was appointed director of the provincial metallurgical industry department.

Huang Maochen [7806 0379 5256] was appointed director of the provincial trade department.

You Guo [1427 0948] was appointed director of the provincial foreign trade department.

Xing Zhi [6717 1807] was appointed director of the provincial culture department.

Dong Lichun [5516 4539 2504] was appointed director of the provincial auditing department.

Li Jieche [2621 0094 6508] was appointed director of the provincial foreign economic cooperation bureau.

Liu Xin [0491 2946] was appointed director of the provincial township enterprise administration bureau.

Ji Feng [4764 6912] was appointed chief procurator of the Baishan forestry district procuratorial office under the provincial people's procuratorate.

**Approvals for appointments:**

The appointment of Hou Jiageng [0186 1367 6342] for the post of chief procurator of the Liaoyuan city people's procuratorate was approved.

The appointment of Ji Feng [4764 6912] for the post of chief procurator of the Baishan city people's procuratorate.

**Dismissals:**

Ding Shihao was dismissed from the post of chairman of the provincial science and technology commission.

Tian Xueren was dismissed from the post of director of the provincial civil affairs department.

Liu Xin was dismissed from the post of director of the provincial culture department.

Li Zuoshan was dismissed from the post of deputy chief procurator of the provincial people's procuratorate.

**Liaoning Policies on Expanding Construction Markets**

*SK0505023894 Shenyang LIAONING RIBAO in Chinese  
26 Apr 94 p 2*

[Text] To encourage the province's construction enterprises and establishments as well as their staff and workers to energetically develop the export-oriented economy, the construction department, the foreign economic relations and trade department, the financial department, the personnel department, the foreign affairs office, the labor department, the tax affairs bureau, and the foreign exchange bureau of the province jointly issued, a few days ago, "several policies and regulations on encouraging construction departments in Liaoning Province to search for larger international markets and to open wider to the world."

These policies are mainly devoted to encouraging construction enterprises to seek contracts for foreign construction projects, to conduct labor service cooperation, and to engage in real estate business beyond the limitations of the countries and trade. Under these policies, enterprises that have appropriate conditions are encouraged to set up branch agencies and sales service centers abroad. For the staff and workers of these enterprises who have independently sought out foreign traders in an effort to work abroad, in accordance with employment contracts, their enterprises should keep them on the roster with no pay and should conduct exit formalities on their behalf by collecting a certain amount of expenses from them. For the staff and workers who engage in foreign labor or management service abroad with the approval of their original units and who have paid the old-age cash deposit to their units or to domestic labor insurance companies, their service abroad can be included in their length of service, and their wages on file can also be raised in accordance with the state unified wage readjustment. When these staff members and workers retire, they can enjoy the same treatment enjoyed by other staff members and workers. For personnel residing abroad, their spouses may also be sent abroad for employment or to accompany them. If responsible enterprise personnel located outside the territory have worked abroad for over a year, their spouses are allowed to accompany them and corresponding jobs for spouses should be arranged in line with the demands or spouse allowances should be given. The personnel residing abroad may enjoy one-month home leave every year.

The policies also stipulate: Enterprises should be vigorously encouraged to absorb foreign funds and to initiate Chinese-foreign joint ventures or cooperative enterprises. Enterprises should also be encouraged to use their existing sites, plant houses, equipment, property rights, and the self-owned funds to run joint ventures and cooperative enterprises and to carry out technological transformation of enterprises and to build urban infrastructure. Great efforts should be made to attract foreign investors to engage in real estate development. If it is

demanded, enterprises are allowed to invite foreign specialists and scholars with high salaries. Those who have been able to bring in funds, projects, technologies, and professionals for their units and those who have offered good advice and suggestions for opening their units to the outside world should all be given cash awards, and those whose contributions are outstanding should be given handsome rewards. Those who are able to assist their units by obtaining project or scientific research results and well-trained, specialized personnel, including those studying abroad, can be transferred to construction units. Preferential treatment should be given to them in line with the regulations by cadre management authority.

### Northwest Region

#### Xinjiang Chairman Stresses Infrastructure Construction

OW0405142594 Urumqi XINJIANG RIBAO in Chinese  
3 Apr 94 p 1

[Report by Zheng Yu (6774 3842): "Abulaiti Abudurexiti Stresses Strengthening the Construction of Infrastructures and Basic Industries"]

[Text] "To enhance the staying power of Xinjiang's economic development and to promote rapid and efficient economic growth, it is necessary to strengthen the construction of infrastructures and basic industries." This is what Abulaiti Abudurexiti, chairman of the Xinjiang autonomous regional government, pointed out at a regional work meeting on construction on 31 March.

After reviewing Xinjiang's capital construction last year, Abulaiti Abudurexiti pointed out: This year, while undertaking investment restructuring measures, our region will further expand key constructions and

increase investment in a large group of key construction projects such as the second Lanzhou railway line; the Xian-Lanzhou-Urumqi optical cable; the Duzishan ethylene project; the Urumqi airport expansion project; and the Turpan-Urumqi-Dahuangshan high-quality road. At a stage when we have achieved overall progress and key breakthroughs in reform, the construction front must also actively implement reform measures in capital construction management systems as well as bring into full play the role of market mechanisms. For new construction projects, we must fully implement open-bidding and owners' responsibility systems. It is necessary to establish and improve the evaluation report system for construction projects as well as to strengthen the management of project contracting. The construction industry must actively explore the international construction market. Not only should the industry open up the markets of surrounding countries and Central Asia but also those of the East Asia, Southeast Asia, and other countries and regions. It is necessary to win more contracts for foreign construction projects and labor cooperation to spur exports of building materials and mechanical equipment.

Speaking on the specific issue of urban construction, Abulaiti Abudurexiti stressed: Currently, the primary task is to strengthen urban planning management. The wider we open up and the more vigorously we develop the economy, the tighter control on urban planning management should be exercised in accordance with the law. On the other hand, in urban planning management, we should strive to streamline our work and raise efficiency by reducing unnecessary jobs. Economic development zones, cooperation zones, and various ports must effectively tackle infrastructure construction. We should not place hopes on foreign investors to develop the region for us but rather should create conditions to attract their investment.

**'Grim Murders' in Qiandao Incident Detailed**

*OW0405221194 Beijing BEIJING REVIEW in English  
No 18, 2-8 May 94 p 5*

**[ "Qiandao Lake Grim Murders Unfolded" ]**

[Text] The Zhejiang provincial prosecutor on April 19 approved the arrest of three suspects involved in the March 31 robbery and murder of 24 tourists, six crew members and two tour guides on March 31 on the province's Qiandao Lake.

Further investigations are under way, the provincial public security bureau said on April 22.

The criminals Wu Lihong, Yu Aijun and Hu Zhihan, all local residents, were friends and they shared the aim of making money without honest labor.

Wu Lihong first proposed robbing tourists on Qiandao Lake. When he discussed it with Hu and Yu, they immediately agreed to join him. They then planned the time, place and means to carry out the robbery, according to the three men's confessions.

In the early evening of March 31, the three took their motor boat out to the waters at Huangmiling, where they knew there would be few boats and ships at night.

At that time, two tourist boats, Qiandaohu No. 6 and Huangshan No. 3 passed by. The three did not dare to move for it was still dusk and there were a few other boats passing by.

When the tourist boat named Hairui came into the area, it was dark and raining, and there were no other boats in the vicinity. The three intercepted it.

As soon as they boarded the Hairui, they threatened the crew with hunting guns and an ax, forcing them to go down to the lower cabin of the boat. They then asked all the passengers to hand over their cameras, jewelry, watches and money, and forced them to move into the cabin, saying that they would not harm them.

After the robbery, the three attempted unsuccessfully to sink the boat by opening the water valve. They then set fire to the boat killing the tourists and the crew, and then fled.

Two hours later when the Hairui did not show up as scheduled, the local department concerned immediately sent out speed boats to look for it. Because there was a heavy fog, they were unable to find the boat until 0800 the next day.

They immediately reported to the local government, which organized people and boats to explore the area, since no survivors were found on the deck of the burning boat.

Firemen extinguished the flames and towed the boat to shore, where they found that all the tourists, guides and crew had died in the lower cabin.

After the incident, the Central Committee of the Chinese Communist Party and the State Council ordered the Zhejiang provincial authorities to deal promptly with the case and uncover the facts behind the incident.

The provincial government and Hangzhou city government formed a group to handle the matter. They took measures to help the relatives of the Taiwanese victims identify the remains and personal articles and arrange for mourning according to Taiwanese customs.

Proper arrangements were also made with regard to the crew and tourist guides who died in the incident.

Meanwhile, the Public Security Bureau of Zhejiang Province assigned more than 300 policemen to investigate the case.

After a 17-day investigation, they apprehended the three suspects. In their search of the three men's houses, the police recovered U.S.\$5,250 and 154,620 new Taiwan dollars, seven cameras, eight rings, one jade bracelet and two watches.

They also tracked down the instruments used to commit the crime, such as the motor boat, hunting guns and an empty fuel can.

Sources said that the property and money will be returned to the relatives of the deceased.

**U.S. Representatives To Meet Qiandao Relatives**  
*OW0505095994 Taipei CNA in English 0734 GMT 5 May 94*

[By Lilian Wu]

[Text] Taipei, May 5 (CNA)—Three United States congressmen, concerned about Beijing's handling of the March 31 murder and robbery of 24 Taiwan tourists, will meet with the victims' relatives to better understand the tragic incident, the Chinese association for human rights said Wednesday.

Rep. Tom Lantos (D-Calif.), Rep. Dick Sweat (D-N.H.), and Rep. Nancy Pelosi (D-Calif.) are expected to hold a Taipei-Washington, D.C., teleconference with the victims' relatives, an association spokesman said.

All three congressmen have previously expressed their concern about human rights conditions in Mainland China and are expected to ask the Taiwan relatives if Beijing's handling of the murders violated any human rights standards.

The spokesman said that the conference will probably take place on Saturday, one day before a Taiwan delegation is scheduled to leave for Mainland China for a two-week visit to find out more about the crime.

The spokesman said that the congressmen would ask questions about whether the relatives were under house arrests when they went to Zhejiang to identify the charred bodies, the facts about mainland authorities prohibiting newsmen from approaching the boat, and about the mainland performing autopsies before the arrival of the relatives.

**Delegation To Attend APEC Investment Meeting**  
*OW0505100094 Taipei CNA in English 0722 GMT 5 May 94*

[By Danielle Yang]

[Text] Taipei, May 5 (CNA)—A three-member Taiwan delegation will leave for Indonesia May 11 to attend the Asia-Pacific Economic Corporation (APEC) investment experts meeting in Bali, Indonesia.

The delegation will be led by Ricky Y.S. Kao, director-general of Ministry of Economic Affairs' Industrial Development and Investment Center (IDIC).

During the May 12-14 meeting, participants will discuss and formulate investment principles for APEC member countries.

Participants will refer to the investment principles of major world organizations while formulating APEC investment principles, including the Organization for Economic Cooperation and Development (OECD), the General Agreement on Tariffs and Trade (GATT), and the North American Free Trade Agreement (NAFTA).

The 17 APEC member countries will be represented by their leading investment officials, an IDIC official said.

APEC groups Australia, Brunei, Canada, Mainland China, Hong Kong, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Singapore, South Korea, Taiwan, Thailand, Papua New Guinea, Mexico, and the United States.

**Investment Said 'Sluggish' in First Quarter**

*OW0505095394 Taipei CNA in English 0709 GMT 5 May 94*

[By Y.C. Tsai]

[Text] Taipei, May 5 (CNA)—The manufacturing industry's investment willingness, a leading economic indicator, remained sluggish in the first quarter of 1994, the Ministry of Economic Affairs' Industrial Development Bureau (IDB) said Thursday [5 May].

IDB statistics show that the number of newly established enterprises hit 1,413 during the period, up 1.9 percent over the same period last year.

The aggregate registered capital of these new companies, however, decreased 26.8 percent to NT [new Taiwan dollars] \$18.6 billion (US\$701.88 million).

The figures pointed to a slowdown in the growth of large-size enterprises, officials said.

Meanwhile, a total of 1,505 companies increased their investment by NT\$76 billion (US\$2.86 billion) in the three-month period, down 60.3 percent from a year ago.

The officials noted that both new investments and capital increments have been on the decline since January 1993. The whole year of 1993 saw a 35.45 percent drop in manufacturing investment growth, they added.

Investment growth reached a peak of 40 percent in 1992 after four consecutive years of growth, they said.

IDB Director-General Yin Chi-ming pledged that the bureau will keep a close watch on the continued slump in domestic manufacturers' investment willingness.

## Hong Kong

### Preliminary Work Committee Opens Hong Kong Meetings

OW0305132394 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 2 May 94

[From the "News and Current Events" program]

[Text] The Preliminary Work Committee [PWC] of the Preparatory Committee of the Hong Kong Special Administrative Region [SAR] has begun its first group meetings in Hong Kong. The meeting of the political ad hoc group began on 2 May, and that of the economic ad hoc group will follow two days later.

Lu Ping, vice chairman and secretary of the PWC; PWC Vice Chairman Zhou Nan, and the mainland members of the two ad hoc groups will attend the group meetings to join other businessmen members from Hong Kong in discussing a series of important items on the agenda.

During the meetings, PWC members will hear Hong Kong compatriots' opinions on Hong Kong's smooth transition and on successfully carrying out the work of the PWC.

At the 2 May meeting of the political ad hoc group, the participants discussed issues on organs to be set up on the mainland by the SAR government. Some members strongly criticized the report on Sino-UK relations issued by the UK Parliament's Foreign Affairs Committee, pointing out that the report is trying to play the international card. It negates the articles of the Basic Law and supports Chris Patten's program. This shows that Britain is determined to continue its policy of confrontation with China on the Hong Kong issue.

Meanwhile, various newspapers published in Hong Kong on 2 May carried news of the holding of the PWC group meetings in Hong Kong, and some of the newspapers published editorials welcoming the PWC's meeting in Hong Kong.

### XINHUA Director on Meeting Goals

HK0405040894 Beijing XINHUA Hong Kong Service in Chinese 1321 GMT 3 May 94

[Text] Hong Kong, 3 May (XINHUA)—That the political and economic ad hoc groups of the Preliminary Work Committee [PWC] of the Hong Kong Special Administrative Region [SAR] Preparatory Committee have met for the first time in Hong Kong has become a topic of common concern among the Hong Kong people. The XINHUA News Agency Hong Kong branch invited approximately 500 public figures to attend a function tonight to extend a warm welcome to the PWC Vice Chairman Lu Ping and other mainland China PWC members who have made a special trip to Hong Kong to attend the ad hoc group meetings.

Zhou Nan, director of XINHUA's Hong Kong branch, addressed the reception, which was held on the 50th floor of the China Resources Building. He said that these ad hoc meetings have important significance. PWC members will take this opportunity to meet public figures from all walks of life in the Hong Kong community as well as the local people and will discuss with them matters of vital importance concerning Hong Kong's steady transition, stability, and prosperity. Zhou Nan stressed that the meetings seek to improve communication with all sectors of the Hong Kong community, to meet with grass-roots representatives from all social strata and geographic areas, and to widely solicit opinions on issues related to the preparations for the establishment of the Hong Kong SAR.

Zhou Nan said: In order to preserve long-term stability and prosperity in Hong Kong, one must closely rely on the vast number of Hong Kong people who love this country and Hong Kong, as well as on other members of the local public. One must do a solid job in preparing for the establishment of the Hong Kong SAR in all areas. To this end, he and all other PWC members alike sincerely and eagerly hope that Hong Kong people from all walks of life will show concern for and play a part in this task and will contribute and pool together their wisdom, talents, and efforts, thus making new contributions to achieving a smooth transition and to preserving Hong Kong's long-term stability and prosperity.

Henry Fok, vice chairman of the Chinese People's Political Consultative Conference National Committee, was present at today's reception.

### Agreement on Basis for Legislature

HK0405062894 Beijing XINHUA Hong Kong Service in Chinese 1335 GMT 3 May 94

[By reporter Luo Zheng (5012 2398)]

[Text] Hong Kong, 3 May (XINHUA)—At a meeting of the political affairs group of the Preliminary Work Committee [PWC] of the Hong Kong Special Administrative Region [SAR] Preparatory Committee, the group agreed that the formation of the first legislative council of the future Hong Kong SAR should be based on the Basic Law and the relevant decisions made by the National People's Congress and should reflect principles concerning national sovereignty and smooth transition.

This was the first meeting of the PWC's political affairs group since the PWC was founded last July. The two-day meeting was concluded early this evening.

Liang Zhenying, a leader of the political affairs group, said to this reporter: At this meeting, we concentrated on further discussions on the election and formation of the first legislative council of the future Hong Kong SAR and related issues. The participating members reached agreement on the principles concerning the formation of the first legislative council. He said: The formation of the first legislative council should reflect the executive-led

principle; the principle that the executive and legislative organs should cooperate with each other and balance and check each other, with the emphasis on cooperation; the principle of balanced participation by people from all strata in Hong Kong society; and the principle of developing democracy in an orderly and gradual process. All these are guiding principles.

Liang Zhenying said: As to several specific arrangements, the members also reached a consensus. These arrangements include: That the voting age in elections should be lowered to 18 and that, in terms of the functional constituency elections, the existing methods of functional constituency elections that have proved effective, as well as the current practices and principles, shall be retained.

Xiao Weiyun, another leader of the political affairs group, added: At the meeting, we also discussed the current situation and, in particular, analyzed the report presented recently by the Foreign Affairs Select Committee of the House of Commons of the British Parliament. The members' views can be summarized into the following two points: 1) Many of the things mentioned in the report are inconsistent with the facts; 2) the report reflects some change in the British Hong Kong authorities' attitude and policy toward the Basic Law. Many members took part in the drafting of the Basic Law and are very aware of where the report does not agree with the Basic Law.

He revealed that the political affairs group will hold another meeting in Beijing in June to discuss the report of the third meeting of the PWC and the arrangements for work in the second half of this year.

#### PWC Rules Out Single-Vote System

HK0405063294 Hong Kong SOUTH CHINA MORNING POST in English 4 May 94 p 1

[By Doreen Cheung and Linda Choy]

[Text] The Beijing-appointed panel overseeing Hong Kong's transitional matters has ruled out the single-seat, single-vote system for the 1997 Legislative Council [Legco] direct elections. The Preliminary Working Committee (PWC) political sub-group prefers either a multi-seat, single-vote system, or proportional representation.

The Legislative Council has already enacted legislation to introduce a single-seat, single-vote system for the 1994/95 district board municipal council and Legco polls. A revised report by the political sub-group will be tabled to the third plenary meeting of the PWC in July.

PWC member Professor Lau Siu-kai said scrapping the single-seat, single-vote system would not create great shock in the community. "The impact on society will be limited," he said. "Even if we adopt a different voting method, it will only have a limited effect on the result of the elections."

Professor Lau said China had always voiced opposition to the single-seat, single-vote method, but the PWC would try to gauge public opinion on the issue.

Another departure from the 1995 model will be the line-up for the nine new functional constituency seats. Hong Kong co-convenor of the political subgroup, Leung Chun-ying, said members agreed that the nine new seats should be created with a franchise similar to the existing functional seats.

Members also agreed to lowering the voting age from 21 to 18, Mr. Leung said.

Another contentious issue was how to cope with the legislative vacuum following the disbanding and re-organisation of the legislature upon the change of sovereignty, according to Professor Lau. Members felt that it could be resolved either by forming a provisional law-making assembly or delegating the power to the chief executive, he said.

Ending a two-day session in Hong Kong, mainland members of the political sub-group will meet political parties in the local Xinhua (New China News Agency) Wan Chai headquarters today and tomorrow.

Meanwhile, Senior Executive Councillor Lady Dunn yesterday stressed that Hong Kong would remain under British rule until mid-1997 despite the presence of the PWC in the territory. Speaking after yesterday's Executive Council meeting, Lady Dunn said: "It is clearly stated in the Sino-British Joint Declaration that Britain will rule Hong Kong until June 30 1997. I firmly believe that both the British and Chinese governments will uphold the Joint Declaration."

She said the PWC, which China claimed was only an advisory body, posed no threat to the Government. "The PWC is only an advisory body but not a power organ. Where they hold their meetings is no big deal. Given the fact that there are Hong Kong and mainland members, it is easy to understand why they want to meet in Hong Kong," she said.

#### Report on First Day of Session

HK0405034894 Hong Kong TA KUNG PAO in Chinese 3 May 94 p 2

[Report: "Hong Kong SAR Preparatory Committee Meets for First Time in Hong Kong; Lu Ping Presides Over Political Affairs Group Meeting"]

[Text] Yesterday (2 May), the Political and Economic Affairs Group of the Preliminary Working Committee of the Preparatory Committee of the Hong Kong Special Administrative Region [SAR] began a four-day meeting in Hong Kong.

The Political Affairs Group had its first session yesterday, and it discussed the establishment of a SAR representative office on the mainland. Members also discussed a report by the British Parliament's Foreign

Affairs Select Committee on Sino-British relations. Lu Ping, deputy chairman and secretary general of the Preliminary Working Committee, and relevant mainland members came to Hong Kong specially to attend the meeting.

The meeting was chaired by Lu Ping. Leung Chan-ying, leader of the Hong Kong side on the Political Affairs Group, described the group's first meeting in Hong Kong as having a good atmosphere and high efficiency.

Yesterday's meeting of the Political Affairs Group was held at XINHUA Hong Kong Branch's villa in Stanley. After the meeting, the two leaders briefed the press about their meeting. Xiao Weiyun, the Chinese side's team leader, said that as usual, the meeting had assessed the current situation. In addition, the group also discussed the establishment of the Hong Kong SAR's representative office in Beijing and reviewed issues mentioned in previous meetings in order to draft a work report for submission to the third plenary meeting of the Preliminary Working Committee. The group will continue to discuss these issues today.

Leung Chan-ying said that Article 22 of the Basic Law specifies the relationship between the Hong Kong SAR and the central and local governments, and the provision mentions that the SAR Government may set up a representative office in Beijing; at the same time, various central departments and various provinces or localities may also set up representative offices in Hong Kong. However, the discussion remains at an initial stage, and the final answer will be found in one to two years.

He added: Concrete operational forms to be further considered include future connections between the various departments of the SAR government and the central government. Will such connections be built between specific departments directly or effected through a unified channel? What will the rank of the representative office and its personnel be, and when is the right time to set up such an office? This will have close a relationship with the establishment of the SAR in the initial stage. He pointed out: In the future, the relationship between the SAR and the central government will not only be limited to the appointment of officials and certain political decisions; many economic issues will also be involved. For example, civilian aviation is one such issue. The handling of many affairs requires a close relationship between the SAR and the central government. However, the details have yet to be considered further.

Before the meeting, no member spoke to the press. Reporters were divided into two groups. One group were reporters from the electronic media, and the other were press reporters. They were allowed into the meeting room to take photographs for five minutes.

During the photo-session, some reporters asked Lu Ping why he did not talk with people on the spot in coming to Hong Kong, when he would speak publicly to Hong Kong people, and whether his refusal to meet the Hong

Kong governor was against the Memorandum of Understanding on the airport. Lu Ping just smiled and did not say anything.

### Civil Servants To Retain Posts

OW0405162194 Beijing XINHUA in English 1244  
GMT 4 May 94

[Text] Hong Kong, May 4 (XINHUA)—Civil servants now working for the Hong Kong Government may stay at their posts after 1997 in accordance with the Basic Law, said a high-ranking Chinese official here today. The official said that the Chinese side will firmly abide by the Basic Law provision regarding the issue, urging civil servants of the present local government to serve the Hong Kong people before and after 1997. Wang Fengchao, a member of the Political Affairs Panel of the Preliminary Working Committee for the Preparatory Committee for the Hong Kong Special Administrative Region (SAR), made the remarks after holding talks with two political parties in the territory. The political affairs panel of the Preliminary Working Committee (PWC) held separate talks here this morning with the Liberal Party of Hong Kong and the Liberal Democratic Federation of Hong Kong in order to solicit their opinions on PWC's work. Wang said that the Basic Law has clearly stipulated that civil servants in Hong Kong may stay at their posts after 1997, adding that they do not have to state their political stand. He said that if there were some servants who wanted to quit their jobs, they should make a notice in advance according to the present practices so that others could be arranged to replace them to fill the vacancy. Wang said that the Basic Law has also clearly stipulated that the senior officials in the future government of the Hong Kong Special Administrative Region shall be nominated by the chief executive and appointed by the central government of China. Therefore, he continued that there does not exist the consultation with the British side in appointment of the senior officials in the future government of the Hong Kong Special Administrative Region.

### PWC Talks With Two Political Parties

OW0405131994 Beijing XINHUA in English 1245  
GMT 4 May 94

[Text] Hong Kong, May 4 (XINHUA)—The political affairs panel of the Preliminary Working Committee (PWC) for the Preparatory Committee for the Hong Kong Special Administrative Region (SAR) held talks here today with two political parties in the territory. During the separate talks held this morning, the political affairs panel solicited the opinions and suggestions from the two political parties on the work of the PWC. The two political parties are the Liberal Party of Hong Kong and the Liberal Democratic Federation of Hong Kong. The two political groups voiced their views on a variety of issues concerning the political structure in Hong Kong after 1997. Issues touched upon during the talks included the stability of the civil servants and the formation of the first Legislative Council of the future SAR. They also

made a number of enlightening suggestions to the PWC's political affairs panel. Wang Fengchao, a member of the political affairs panel, said after the talks that the views and suggestions put forward by the two political parties are very useful for the work of the PWC's political affairs panel, adding that PWC will take a serious study of them.

### Panel Meets Political Organizations

OW0505161694 Beijing XINHUA in English 1503  
GMT 5 May 94

[Text] Hong Kong, May 5 (XINHUA)—The political affairs panel for the Preliminary Working Committee for Hong Kong Special Administrative Region (SAR) today held talks with representatives from the Democratic Alliance for Betterment of Hong Kong and Hong Kong Progressive Alliance.

The panel listened to their opinions and suggestions on the current political structure in Hong Kong and on the work of the committee.

Xiao Weiyun, head of the Chinese (mainland) side at the panel, told the press after the talks that the panel will make in-depth study of their opinions and suggestions.

He noted that the current three-tier political structure in Hong Kong will be terminated and re-organized after July 1, 1997. These are two different matters and there is no way that one tier needs re-organization while two others need not, he said.

He said the SAR government and the first SAR Legislative Council will be set up after 1997 according to the Basic Law and relevant regulations of the Chinese National People's Congress so as to ensure a smooth transfer of power and maintain social stability and economic prosperity in Hong Kong.

"It is just in line with this spirit that our panel is holding discussions on various kinds of work," Xiao said.

Although the Sino-British talks on the political structure have broke down, Xiao said, the Chinese side hopes to continue cooperation with Britain in the fields of economy, culture and education.

He stressed that the guarantee for the smooth transition and maintenance of prosperity and stability is the Basic Law and Hong Kong residents' wish for such a transition.

Xiao said his panel will strive to implement the spirit of the Basic Law.

The two political organizations wished the preliminary committee strengthen communication with Hong Kong residents, Xiao said.

"We deem this opinion is right and will hand it over to the committee for discussion," he added.

### Economic Affairs Panel Meeting Ends

OW0505161794 Beijing XINHUA in English 1515  
GMT 5 May 94

[Text] Hong Kong, May 5 (XINHUA)—The meeting of the economic affairs panel of the Preliminary Working Committee for the Hong Kong Special Administrative Region (SAR) ended here today after two days of practical discussions.

Coordination between Hong Kong and the Chinese mainland on major infrastructure projects in the territory was the focus of today's discussions.

Panel members believed that following the economic development, contacts between Hong Kong and the mainland are on the rise and construction of major projects, including those of railway, aviation, highway and port, are directly linked with economic progress of the two places.

Thus, they said, further communication and coordination between the two parties is needed for this important and urgent issue. And the aim of the coordination is to promote the economic development of the mainland and Hong Kong.

The members said the infrastructure is beneficial to both sides and coordination is needed in both planning and organization. They suggest a high-level coordination group be set up.

On land fund, leaders of the panel reiterated that the fund belongs to the future SAR government which will then manage it. No other person should have the right to interfere in this matter.

During the meeting, the panel also reviewed its work in the past six months.

### Legislators Censure Chinese, British Governments

HK0505055394 Hong Kong EASTERN EXPRESS in English 5 May 94 p 1

[By Wing Kay Po]

[Text] Legislators last night abandoned party rivalries to register an unprecedented vote of no confidence in the British and Chinese governments. In a rare show of unity, the Liberal Party gave its backing to a motion initiated by the United Democrats leader, Martin Lee, attacking the current and incoming sovereign powers for violating the Joint Declaration—the agreement under which Hong Kong reverts to Chinese rule in 1997. Lee's motion was passed without opposition—by 23 votes, but three government officials and a maverick legislator, Chim Pui-chung, abstained. Other members were absent.

Lee accused China of interfering in Hong Kong affairs ahead of 1997 and said Britain was "joining hands" with China in violating the Joint Declaration, signed in 1984. The leader of the Liberal Party, Allen Lee, said he did

not believe Britain and China "deliberately went back on their word" to uphold the Joint Declaration, but he charged them with abandoning their promises to co-operate to achieve a smooth transition.

Martin Lee said the motion amounted to a vote of no confidence in the two powers. "My motion is effectively a vote of no confidence aimed at both Britain and China," Lee said outside the chamber. "It shows a profound concern among legislative councillors that Britain and China will not adhere to their obligations under the Joint Declaration."

During the debate his colleague, Szeto Wah, said: "We have reason to believe that the British and Chinese sides have ganged up to destroy the spirit of the Joint Declaration. We are being betrayed." Martin Lee said the Joint Declaration seems to have become "a declaration of joint destruction". He listed 10 "incidents of violations of the Joint Declaration". Among them were the seven diplomatic letters exchanged between Britain and China in 1990 which showed a joint attempt to slow democratic development. He also quoted a secret Sino-British agreement on the composition of the Court of Final Appeal as an example of Britain's complicity in violating the Joint Declaration.

Martin Lee said the Basic Law, announced in 1990, violated the Joint Declaration, without protest from Britain. "If we don't defend the spirit of the Joint Declaration, Hong Kong will be ruled by a puppet regime from the north," Martin Lee said.

Christine Loh, an independent legislator, said Britain seemed resigned to letting China "re-interpret and redefine" the Joint Declaration. "Britain seems to take the view that it will have vacated Hong Kong by 1997, so that whatever happens here is not Britain's responsibility," she said.

The Secretary for Constitutional Affairs, Nicholas Ng, said it was "plainly untrue" that the Hong Kong-British government had failed to abide by the objectives of the Joint Declaration. Ng rejected criticisms that the government betrayed the aspirations of Hong Kong people for a legislature of more directly-elected seats.

"As a responsible government we have to strike the right balance between the expressed desire of the community for a greater say in running their own affairs on the one hand, and a form of government capable of transcending 1997. I believe we've struck the right balance," he said. Ng also defended the secret Sino-British agreement on the Court of Final Appeal.

**XINHUA Official on 'One Country, Two Systems'**  
HK0505101194 Hong Kong TA KUNG PAO in Chinese  
5 May 94 p 8

[Report: "Zhang Junsheng Speaks on China's Consistent Implementation of the 'One Country, Two Systems' Policy; Views Solution to the New Airport Issue"]

[Text] Zhang Junsheng, deputy director of the XINHUA NEWS AGENCY Hong Kong Branch, yesterday said that there have been some contacts recently between China and Britain on the new airport issue. Some views are getting closer but it is hard to say if a final agreement can be reached, he added. In addition, he pointed out that China has never changed in implementing the "one country, two systems" policy; "one country, two systems" is a Chinese Government affair and China's policy and has nothing to do with the British side.

Zhang Junsheng made these remarks when asked by a reporter during a seminar to commemorate the 75th anniversary of the May 4th Movement yesterday.

Zhang Junsheng said: How will the specific problems concerning the new airport be resolved? We will know this after the Provisional Airport Authority holds a meeting. But we can say that there have been some contacts recently between China and Britain on questions concerning the airport. Some views are getting closer to each other but it is still unclear if a final agreement can be reached. In other words, it is still unclear whether or not the program proposed by the British side will completely correspond with the Memorandum of Understanding on the new airport.

One reporter asked: "During a Legislative Council meeting, some legislative councilors raised a suggestion urging the Chinese and British Governments to earnestly implement the 'one country, two systems' policy. What is your opinion on this?"

Zhang Junsheng answered: "One country, two systems" is a policy proposed by the Chinese Government to resolve the Hong Kong issue; the principles and policies contained in the Joint Declaration and the Basic Law have very explicitly established "one country, two systems."

He continued: "On China's part, the implementation of the 'one country, two systems' policy has never been a problem. It has been nine years since the formal signing of the Joint Declaration and our principles and policies on Hong Kong have been arranged in accordance with the 'one country, two systems' formula. 'One country, two systems' is an affair of the Chinese Government affair and China's policy. How can the British exercise 'one country, two systems'?"

**Hong Kong Delegation To Visit Shanghai, Suzhou**  
OW0305122994 Beijing XINHUA in English 1153  
GMT 3 May 94

[Text] Hong Kong, May 3 (XINHUA)—A delegation comprising officials from the local industry department and government secretariat left here today for a four-day visit to Shanghai and Suzhou. Headed by the director-general of industry, Denise Yue, the delegation will meet officials of the municipal government of Shanghai and will visit Pudong and a number of local and joint-venture enterprises there. In Suzhou, the delegation will

be briefed by local officials on the economic development of the city. Yue said that the continuing development of the economy in the Chinese mainland mattered considerably to the whole international community. She said that more contacts with officials and enterprises in the Chinese mainland will help foster better understanding and facilitate further economic co-operation and mutually beneficial development.

**Government Fears Flood of Refugees From DPRK**  
**HK0305120694 Hong Kong EASTERN EXPRESS in English 3 May 94 p 4**

[By Jason Gagliardi]

[Text] A family of five North Korean defectors spent almost two weeks in Hong Kong after an arduous journey across China before flying to a new life in Seoul at the weekend.

Ryo Man Chol, 48, a former police officer from Hamhung province, his wife and three children, were kept at a secret location in Hong Kong while applying for political asylum in South Korea.

The South Korean consulate is refusing to release details of where the family stayed in Hong Kong and it is not known how they managed to elude Chinese authorities for weeks while travelling by train from northern China to Hong Kong.

The Hong Kong government is not commenting on the Ryo family's ordeal, fearing that they could be the first trickle in a potential flood of refugees from hardship-stricken North Korea entering the territory via China.

A Security Branch spokesman said: "We cannot give out information on this sort of case because it is very sensitive and involves other countries."

The spokesman refused to detail how the Ryo family entered Hong Kong, saying the Government did not want to publicise how it was done for fear of encouraging other defectors—including thousands already thought to be living in China—to make Hong Kong a pipeline to a fresh start in South Korea.

At a press conference in Seoul yesterday, the Ryo family told of how they decided it was better to risk being killed while escaping than face slow starvation at home.

A spokesman for South Korea's National Security Planning Agency told Eastern Express that agency officers had spent the past two days questioning the Ryos to establish that they were genuine defectors and not spies.

Ryo said an ethnic Korean named Kim who helped them on arriving in China first suggested they go for help to the South Korean embassy in Beijing.

Deciding Beijing was too dangerous they fled into northern China across the frozen Yalu River and went to Shenyang, where they met Kim, before moving south by train.

Ryo, who said he was sacked from the police force for taking a bribe over a traffic violation, had been listening to banned South Korean broadcasts for several months before deciding to defect.

The family decided to steal across the river on the pretext of gathering food. Ryo's daughter Gum Ju, 20, and one of his sons, Gum Ryong, 18, went first to make sure the ice would hold. They made it and on March 16, sent a telegram saying all was well. Ryo, his wife, Li Ok Gum, 45, and their other son, Un Ryong, 16, followed.

Li, 45, a kindergarten teacher, cried as she told how her family had been forced to subsist on corn and pine-bark porridge since last August, when food rations ran out.

"We were so hungry that I had to go to the countryside and beg for grains," she said.

Ryo said revolution was imminent because the Kim Il Sung regime was unable to feed its people.

His account matches the tales of other northern defectors but has met with scepticism from some analysts in Seoul, who say the South has its own propaganda agenda.

Visitors to Pyongyang say they have not noticed food shortages. However, its government has admitted to "economic problems".

**Bank of China Issues New Hong Kong Banknotes**  
**HK0405143394 Beijing RENMIN RIBAO in Chinese 29 Apr 94 p 2**

[Interview with Wang Qiren, chairman of the board of the Bank of China, by unidentified RENMIN RIBAO reporter; date, place not given: "Striving for Steady Development of Hong Kong's Banking Business—Wang Qiren, Chairman of the Board of the Bank of China, Answers Staff Reporter's Questions on Issuance of Hong Kong Banknotes in Hong Kong"]

[Text] [RENMIN RIBAO] Please talk about the preparations for the Bank of China's [BOC] participation in issuing Hong Kong banknotes.

[Wang Qiren] The Hong Kong Branch of the BOC will issue Hong Kong banknotes in Hong Kong on 2 May this year. This is a major event in the history of the development of the BOC and is also a grand occasion in the issuance of Hong Kong banknotes. The BOC's preparations for its participation in issuing Hong Kong banknotes began in September 1992. It took 20 months to design the banknotes, complete the legal procedures, and print and issue the notes. During this period, the relevant Hong Kong and mainland departments assisted us effectively, and Hong Kong citizens also supported us. This enabled the preparatory work to proceed smoothly.

Here, on behalf of the BOC and through your newspaper, I would like to express my sincere thanks to the relevant departments and friends who showed their concern for and supported the BOC's issuance of Hong Kong banknotes in Hong Kong.

[RENMIN RIBAO] What are the main characteristics of the Hong Kong banknotes issued by the BOC?

[Wang] There are five face values. The design is based on Hong Kong scenery. The obverse is the BOC Building, accompanied by Eastern flowers and plants; the reverse depicts some unique Hong Kong buildings and scenery. With this design, we would like to portray Hong Kong's position as an international monetary, trade, tourist, and shipping center, to display Hong Kong's vigorous economic life and its style and features; and also to express our wish for common development and prosperity between the BOC and Hong Kong.

[RENMIN RIBAO] As far as I know, a bank must conform with some strict conditions if it wants to become a note-issuing bank. What conditions and basis does the BOC possess?

[Wang] For a long period of time, the BOC Group in Hong Kong has abided by the principle of "basing itself in Hong Kong and serving Hong Kong." It has actively developed its business, loyally served its citizens, and supported local industrial and commercial development, thus enjoying the citizens' trust. In addition, it also has made marked development in all vocational fields. Last year, deposits in the BOC increased by 30 times over 1978 and the loans released increased by 46 times. Its commercial banking business also has developed rapidly. By the end of 1993, BOC assets amounted to 700 billion Hong Kong dollars; it had more than 350 branches on Hong Kong Island, as well as in Kowloon and the New Territories; and their employees numbered 18,000; making it one of the important monetary groups in Hong Kong. In the course of its development and growth, the BOC has regarded performing social duties and supporting public welfare activities as its unshirkable responsibility; has done its best for the steady and healthy development of Hong Kong's banking business; and has taken an active part in all kinds of activities that promote social progress. The BOC has always regarded preserving Hong Kong's prosperity and stability, and maintaining its position as an international monetary center, as being where its fundamental interests lie. We may well say that the BOC's rich financial resources, steady style, and distinguished reputation are the basic conditions that have made us a note-issuing bank. These also serve as the basis for the Hong Kong citizens and people in all circles to trust the BOC to issue banknotes.

[RENMIN RIBAO] What was the background for the BOC to participate in issuing banknotes?

[Wang] The BOC's participation in issuing Hong Kong banknotes before 1997 is the manifestation of our full confidence in Hong Kong's future. We are happy to see that the Sino-British Joint Declaration and the Basic

Law have resolved Hong Kong's future in a satisfactory way, under the principle of "one country, two systems" and "Hong Kong people administering Hong Kong." In the economic field, China's reform and opening up in the last 15 years have promoted sustained economic growth on the mainland. This has brought about many new development opportunities for Hong Kong's economy and has promoted economic links and cooperative relations between Hong Kong and the mainland. Now the "China factor" has become an important one for Hong Kong's economic development. In the future, China's economy can be expected to maintain rapid growth rates of 8 to 9 percent, and Hong Kong's economy will benefit from this for a long time. This will lay a reliable foundation for Hong Kong's post-1997 prosperity and stability. Under these circumstances, the BOC has participated in issuing Hong Kong banknotes. Together with the Hong Kong and Shanghai Banking Corporation and the Standard Chartered Bank, it will play a positive role in maintaining monetary stability. This also corresponds with the good wishes of people of various circles in Hong Kong.

[RENMIN RIBAO] As requested by the existing arrangements, before issuing Hong Kong banknotes, the issuing bank should submit U.S. dollars to the foreign exchange fund to obtain a noninterest liabilities certificate as a preparation for issuing banknotes. This arrangement has made it impossible for the issuing bank to gain any profit from issuing banknotes. This being the case, as a commercial bank, how does the BOC view the significance of its participation in issuing Hong Kong banknotes?

[Wang] As you have said, under the existing arrangements, the BOC cannot derive any commercial benefit from issuing banknotes. Instead, it will have to bear the operational cost for issuing banknotes and undertake the risk of foreign exchange losses owing to fluctuations in the Hong Kong dollar. We participate in issuing banknotes out of consideration for the overall situation and with the fundamental target of helping to maintain Hong Kong's monetary stability. In the past, the BOC has played a positive role in cooperating with the Hong Kong Government's monetary management authorities in ensuring the steady operation and healthy development of the monetary system. After becoming a note-issuing bank, the BOC will help strengthen the Hong Kong money market. This will be beneficial to the prosperity and stability of Hong Kong banks and monetary business, to the consolidation and enhancement of Hong Kong's position as an international monetary center, and to a steady transition toward 1997.

[RENMIN RIBAO] As a note-issuing bank, will the BOC's relations with other banks in Hong Kong change?

[Wang] No. After becoming a note-issuing bank, the BOC will continue in its operations to abide strictly by Hong Kong's monetary laws and will continue to support the position of the Hong Kong and Shanghai Banking Corporation and the Standard Chartered Bank as the main issuing banks in Hong Kong. As in the past and at

present, we will be willing to engage in fair competition with Hong Kong- and foreign-funded banks in Hong Kong, to develop together, to cooperate with each other, and to create common prosperity.

[RENMIN RIBAO] After participating in issuing Hong Kong banknotes, what is your bank's great plan for development?

[Wang] The BOC's participation in issuing banknotes means that our social responsibility has become heavier. In the future, our bank will continue to display its strong points, advance with an enterprising spirit, carry out careful operations, and strengthen our service. As always, together with the other two issuing banks, we will make new contributions to the stability and development of the Hong Kong monetary system.

#### Notes Issued To Maintain 'Stability'

OW0305142194 Beijing XINHUA in English 1234  
GMT 3 May 94

[“Feature” by Zhang Qi: “HK People Respond Warmly to New Banknotes”]

[Text] Hong Kong, May 3 (XINHUA)—The new banknotes, issued by the Bank of China (BOC) for the first time in Hong Kong [HK], together with the souvenirs to commemorate the historic event, have caused a frenzy among local residents in the territory.

On May 2, the first day when the new currency was put into circulation in the territory, more than 40,000 local residents had reportedly turned up in front of BOC's central headquarters and its 31 branches and 44 automatic teller machines throughout the territory in order to obtain the new banknotes.

“Some even stayed overnight outside our bank in order to get the new banknotes,” said a clerk of a BOC's branch in Wanchai district.

A 63-old man, named Chan Cheung, had to dash back home to get more money as he did not bring enough with him.

He said, “I was late. But I was lucky and managed to join the last few customers in the queue to get a set of the new notes. I am fortunate that I live near the bank”.

Not all people are as fortunate as Chan. Many felt disappointed as they were not able to get the new banknotes owing to the long queues.

At least 65.2 million Hong Kong dollars worth of new banknotes issued by BOC was withdrawn on the first day, said an official with BOC.

Besides, a total of 70,000 MTR [mass transit railway] tickets designed to commemorate the launch of the new banknotes, each at a price of 30 H.K. [Hong Kong] dollars, were sold out within just one hour at BOC's 31 branches yesterday.

Meanwhile, the 20,000 souvenir covers and postmarks were snapped up as hundreds of people queued up outside the general post office in central early yesterday and rushed in to buy the covers each worth of five H.K. dollars [as received].

Another 130,000 commemorative MTR tickets with an encoded value of 20 H.K. dollars (2.5 U.S. dollars) each, had reportedly sold out at eight MTR counters on the first day of issue on Sunday [1 May].

An official from the bank said that 100,000 H.K. dollars (13,000 U.S. dollars) raised from the sale would be donated to charity.

The banknotes initially issued by the Bank of China totalled 3 billion H.K. dollars (385 million U.S. dollars) in value, which accounted for four percent of Hong Kong dollar banknotes in circulation.

By issuing the banknotes in Hong Kong, the Bank of China has become the third bank to issue currency in the territory. The other two banks are the Hong Kong and Shanghai Banking Corp and Standard Chartered Bank.

Analysts here said that the Bank of China's participation in the issue of Hong Kong dollar notes indicated the bank's commitment to the Hong Kong community for a smooth transition of Hong Kong's monetary system and for maintaining its stability and prosperity.

#### New Chief of Bank of China Hong Kong-Macao Office

OW0405154994 Beijing XINHUA in English 1536  
GMT 4 May 94

[Text] Hong Kong, May 4 (XINHUA)—Mr Yang Zhilin has been appointed chief executive of Bank of China Hong Kong-Macao Regional Office as Mr Huang Diyan has resigned the post, XINHUA learned today.

Wang Qiren, chairman of the board of directors of Bank of China, said Yang, who has been assistant president of the bank, will assume office as the new chief as of June 1. Wang noted that Huang has resigned for the sake of age, but will continue to work in Hong Kong as vice-chairman of the board of directors of the bank and also adviser to its Hong Kong-Macao regional office.

#### Article Criticizes PRC on PLA Base Tour

HK05052994 Hong Kong SOUTH CHINA MORNING POST in English 5 May 94 p 19

[Article from the “Analysis” page by Andy Ho: “Lu Ping Misses Chance To Win Over HK People”]

[Text] The recent showing off of the Red One Company, Bank of China's issuing of new banknotes, and Mr Lu Ping's current visit to Hong Kong could all have underlined China's growing intimacy with the territory. These events, however, have turned out to be a public relations

fiasco for Beijing and failed to score any political points in the tussle with the British to win the hearts of the Hong Kong people.

Mr Lu, the director of the State Council's Hong Kong and Macao Affairs Office, led a delegation of almost 200 Beijing appointees in Hong Kong to visit the People's Liberation Army (PLA) stationed in Guangdong. This could have been an excellent occasion for the Chinese military to polish up its image, tarnished by its role in the crackdown of the pro-democracy movement in Tiananmen Square five years ago.

The audience was by and large a compliant one. Combat skills aside, the army could have easily left an impression that they were highly disciplined and civilised. But Xinhua chose to veto all applications by the Hong Kong media to cover the trip, the first of its kind focusing on the training of the PLA to be deployed in Hong Kong after 1997. The official reason for the news agency's ruling was that the tour would involve some military secrets. That feeble excuse was even challenged by some of the guests.

A delegate to the National People's Congress, Miss Liu Yichu, for instance, pointed out that there were foreign passport-holders among those advisers on the invitation list. She argued that there was no reason why foreign citizens should be allowed, while the Hong Kong press had to be denied access. Xinhua was unable to come up with a sensible explanation.

Given the significance of the event, Hong Kong journalists opted to neglect the reporting guidelines set by the State Council and tried their luck anyway. To their surprise, the two main pro-China dailies in Hong Kong and the Guangdong Television Station were permitted to cover the event. The television footage on the company's demonstration shown on the local channels was, in fact, copied from the Guangdong station.

Despite the reporters' technically illegal status, Mr Zhang Junsheng, the Xinhua spokesman, chose to make public comments about the merits of the PLA and their need for more contact with the public through the eager Hong Kong press. This makes a complete mockery of the Chinese authorities' rules on Hong Kong reporters' activities on the mainland. Only a few days before, other Chinese functionaries, such as Mr Wang Fengchao and Sun Nansheng, declared that it was necessary to weed out illegal reporting by the Hong Kong media.

The way the NCNA handled the tour has further alienated the local news media. This incident came within a couple of weeks of more than 1,300 journalists signing a petition, demanding China respect the freedom of the press. And another 130-odd reporters on the China beat further pledged to boycott freebies offered by official Chinese units for a month.

The display of the PLA's military might was followed by an auspicious ceremony to mark the Bank of China's admission to the exclusive club of banknote-issuing

institutions in Hong Kong. The issuing of \$3 billion worth of BOC notes does not carry substantial financial implications, but the move symbolises Beijing's increasing presence in the territory. It serves as the most visible reminder of the coming of China, before the five-star bauhinia flag for the future Hong Kong Special Administrative Region is raised on July 1, 1997.

Many note collectors were disappointed when the bank announced that some of the new banknotes with lucky number sequences were withheld for a charity auction. A press release by the bank described the distribution of the new notes to its customers on the first day as orderly. However, it has emerged that only an estimated 500 of the 12,000 sets for collectors managed to reach the bank's branch offices for public consumption. Many of those with lucky sequence numbers had been reserved reportedly for the bank's own employees and its major accounts. This serves a reminder to residents of the prevalence of nepotism within the Chinese bureaucracy.

Mr Lu, who heads the Hong Kong and Macao Affairs Office, attended both the occasions. It does not appear to be the case that he is insensitive to press coverage. He was seen reading a pile of local dailies, in both Chinese and English, before starting the proceedings of the economics sub-group of the Preliminary Working Committee (PWC) yesterday. It has thus remained unexplained why he was so determined to dodge not only protesters but also the press, during the first two days of his visit.

It was only on his third day in the territory that he agreed to make a brief statement in front of the cameras, saying that the Hong Kong Government's unfriendly attitude towards the PWC was to blame for his refusal to meet the Governor. Public opinion is clearly sympathetic to the Governor, as residents are keen to see the two top officials resume direct dialogue.

Mr Lu was probably speaking the truth when he noted that it would not be productive even if he were to meet Mr Patten at this stage, while official Sino-British relations are so sour. Yet this has reflected badly on his colleagues, who earlier justified his snubbing the Governor on the grounds that Mr Lu was too busy and that he was not wearing his hat as the Hong Kong and Macao Affairs Office's director. His first few lines in Hong Kong reinforced the widespread impression that official Chinese spokesmen, including those from both the Foreign Ministry, Xinhua and Mr Lu's own office, cannot be taken too seriously.

#### Official Views Hong Kong Future Political Structure

OW0405182594 Beijing XINHUA in English 1541  
GMT 4 May 94

[Text] Hong Kong, May 4 (XINHUA)—The three tiers in the political structure in Hong Kong formed on the electoral methods passed by the present Legislative

Council will all be terminated on June 30, 1997, said a senior Chinese official here today.

The official said that due to the breakdown of the Sino-British political talks, there will be no "through train" for the members of the present Legislative Council in Hong Kong.

Nor will there be "through train compartment" or "partial through train" for them, he added.

Wang Fengchao, a member of the Political Affairs Panel of the Preliminary Working Committee for the Preparatory Committee for the Hong Kong Special Administrative Region (SAR), made these remarks here today after holding separate talks with two political parties in the territory.

The so-called "through train" mainly means that members of Hong Kong's last Legislative Council may become, upon confirmation by the Hong Kong SAR Preparatory Committee, members of the first Legislative Council of the Hong Kong SAR of the People's Republic

of China upon China's resumption of the exercise of sovereignty over Hong Kong on July 1, 1997. Wang said that starting from July 1, 1997, the regional organizations and the Legislative Council in Hong Kong shall be re-organized in accordance with the Basic Law and the provisions of the National People's Congress of the People's Republic of China. He said that the fact that there will be no "through train" in political aspect does not mean that there will be no smooth transition in Hong Kong. "Under the situation where there is no cooperation on the British side, we hope to cooperate with British side in the fields concerning the economy and people's livelihood in Hong Kong," said Wang. However, he said that whether there will be cooperation or not in these fields mainly depends on the attitude taken by the British side. Wang said that the Chinese side sincerely hopes that the losses caused by the uncooperation of the British side in the political field could be reduced to minimum with the broad participation of Hong Kong people so that a smooth transfer could be ensured in 1997 and the long-term prosperity and stability in Hong Kong could be maintained.

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